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LOMBARD

# Not in front of the children

BY ANTHONY HARRIS

THE Department of the Environment finally confessed last week that it has been issuing figures which exaggerate the national shortage of water, so let nobody say that all the news is bad. A Government department has actually been caught out in one of the most damaging habits of the civil service, and confessed. If this small event does anything to create even a small unease about official statements of all kinds, it is an event to celebrate.

No doubt the officials concerned meant well. They wanted to make us save water, which is no doubt helpful, and perhaps they wanted the Welsh to feel that they were not suffering alone.

## Pragmatism

This kind of pin-striped pragmatism is quite revealing in itself; no one is so little trustworthy as an official surrounded in the knowledge that everything he does is for the Public Good (I feel sure they think of it in capital letters). The details of the lie are revealing too. Mr. Howell's devoted band has been trying to convince us that the measure of the water shortage is the amount by which rainfall has been below average over a period of more than a year.

What is so fascinating about this lie, then, is its transparency. It could only have been told by someone very stupid, or by someone with a great contempt for those outside the Civil Service.

Now I do not for a moment wish to suggest that palpable lies are part of the normal methodology of the Civil Service; but if you soften the phrase a bit, and think simply in terms of misleading presentation, then the suggestion seems a good deal less unfair. And if you start from a presumption that the public is foolish, and will take more kindly to harsh measures if they are imposed by stealth than if they are openly announced, or at the very least if the need for them is tactfully exaggerated, you can see how righteousness is the handmaid of deception.

Look, for example, at the biggest and most durable deception in British public life: fiscal drag. As everyone must by now know, one result of inflation is to devalue the tax free allowances and tax thresholds which govern our liability to income tax. As incomes rise roughly in line with prices, the proportion of income free of tax falls, and the average rate rises. Thus, at a time of inflation, all a Chancellor need do

to raise income tax is to sit still and say nothing. If you start from the assumption that the Chancellor can be trusted to do what is necessary, and second, that it is possible to defy the ghost of Abraham Lincoln and fool all the people all of the time, this can be thought of as a very convenient place of arithmetic. It is true, of course, that there is also a concealed cut in all specific duties as a result of inflation, but this sum involved is rather smaller. As a result of years of this distortion, including many years in which we were in effect subsidising our vices (raising income tax and, for many years, cutting pensions in order to make drink and cigarettes cheaper), we have a crazily distorted tax system.

## Political gain

No doubt the politicians have joined in this deception; it is very nice to be able to claim political credit for cutting taxes when you are in fact raising them. But Mr. Healey, to do him credit, has at least acknowledged the nature of the deception, and I find it hard to believe that some earlier Chancellor could not have been persuaded to admit it, and indeed to index tax allowances and thresholds, if the Treasury had passionately wanted him to do so. There is political mileage to be had out of honesty, too.

One is sometimes driven to wonder whether officials do not in fact fool themselves with their concealments and distortions. I have had to spend much of my time recently discussing and writing about the financial mismanagement of our affairs—the failure to fund the sterling balances, to devise an effective way of running the gilt market at a time of rapid inflation, and so on. The case put up against the issue of U.K. dollar securities, or against indexed gilts, or even against the issue of Government stock by tender or some direct manipulation of the long-term rate of interest are quite extraordinary.

The issue of dollar securities would be "abominable" (if we hold hands and pretend hard enough, everyone will believe that sterling is a hard currency); indexed stocks would be "an admission of defeat" (does somebody think we've won?) or "like a banana republic" (dropping the price of long gilts would be a "breach of trust" with the market (which has no doubt learnt from experience to trust the authorities to keep the value of Government stock gently rising for ever). And so it goes on. What kind of a people do they think we are?

RACING

BY DOMINIC WIGAN

# Tobin off to California

IF PRESENT PLANS are adhered to, J. O. Tobin, England's leading two-year-old, will leave Warren Place within a matter of days for California.

There it is expected that the Never Bend colt will be let down for a well-earned rest on the ranch of his owner, Mr. George Fope Junior, before beginning his spring campaign in which he will certainly be concentrated, initially, on 6- and 7-furlong events.

Britain's greatest and most respected post-war trainer, Noel Murless, now retires one short of a record 20 English classic successes—a feat which only a few days ago seemed on the cards with J. O. Tobin, a red hot favourite for the 2,000 Guineas.

Turning to today's four meetings, the best sport should be at Redcar, where it will be interesting to see if the Queen's improving three-year-old, Valuation, can give 4 lbs to Dutch Treat in the Saluburn Stakes.

A four-lengths winner from Bagshot at Newmarket in the Spring, Valuation was then pitted

with only fair success against high class rivals in the Queen's Vase at Royal Ascot and Longchamp's Grand Prix de Paris before returning to winning form in the modest Burton Agnes Stakes at Beverley.

At Warwick, the jumping programme stages six races connected with the Playboys Organisation. I hope to see The Shute repeat his success of a year ago in the opener, the Playmate Selling Handicap.

At Plumpton, the jumping programme stages six races connected with the Playboys Organisation. I hope to see The Shute repeat his success of a year ago in the opener, the Playmate Selling Handicap.

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FILM AND VIDEO

BY JOHN CHITTOC

# Telling tales on film

IF FILM is a reflection of the world in which we live, the industrial film is most surely a sensitive indicator of the state of industry to-day. When the industrial films of 16 countries are assembled—as they were in London two weeks ago for the 17th International Industrial Film Festival—there is perhaps much to learn behind the superficial messages on the screen.

The clue for thinking and caring people was offered by Lord Watkinson, President of the Confederation of British Industry, opening the festival: "There is mounting pressure on industry to explain its functions and its contributions to a social and economic fabric. We must respond to this, for it will be increasingly dangerous to let our case go by default."

Nonetheless, Lord Watkinson would have found great difficulty in locating just one film of the 126 entered that genuinely set out to explain the functions and contributions of industry to our social and economic fabric. The plain truth is that industry is failing completely to really explain itself, on film, in these troubled times. Only two or three companies have made a consistent and significant effort to do this. —British Petroleum in the U.K. and BASF in Germany, with perhaps Shell making a slightly more academic yet, nevertheless, responsible view.

## Delegates

It might be argued that the organisers of this event, the Council of European Industrial Federations, do indeed impose upon the event a subtle case for presentation—once described in the aims of the festival as: improving understanding about industry in the free world, and now more discreetly amended to: explaining the role of industry in a society based on a market economy. This is why the Eastern European countries do not participate—which is regrettable if there is to be a genuine attempt to improve understanding about industry in the world as a whole. The interest is obviously there, because Soviet representatives now attend the festival as delegates even if their films are not admitted.

With this really serious job in mind, how well are the industrial films of the West explaining and justifying industry to their representatives? Indeed, are there discernible trends reflecting perhaps an underlying shift in the attitudes of Western industrial society?

On a statistical basis alone, there is perhaps some room for comfort and some cause for concern. By reclassifying the films into broad subject areas (rather than into the numerous categories into which their sponsors entered them), it is clear that

technology is dominating the West at the expense of the social problems it causes. Of Britain's 15 entries, seven were on manufacturing and technological themes and only two on social problems about the impact of this activity.

Likewise, West Germany's entry of 15 comprised seven manufacturing and technical films, and only two on genuine social themes; France eight and two respectively. But for those who subscribe to the belief that what America does to-day, Europe will do to-morrow, hope springs from the U.S.—none of a wholly technical and manufacturing nature, but four on social, human or environmental problems.

Certainly my own reaction to the films is that over the 17 years of this event they have become increasingly functional, technical, dull, uninspired, even bored as well as boring. In sheer quality—both in terms of content and cinematic impact—the British films remain better than those from other countries; but the term "better" is here only a relative one.

Perhaps it is the fault of the festival, increasingly premised to take a highly intellectual view of this highly emotional method of communication. In consequence, two films that at least two film critics rated as the best in the festival—Viking 76 and Linking people together, both that

from Sweden—received the prize most awarded and a third. With two auditors in simultaneously, I saw one fragment of Viking 76, Ruskvarns Symaskin. But was enough to excite into a pair of hands against a background, and nothing demonstrating the points of a sewing machine. I have done it. Linking people together, from L. M. Eric, is a corporate 100th anniversary film—the "look-how-we-are" kind of film—but with such skill, wit and of cinema it is a pleasure behold.

Another trend which has lessons about the state of the Common Market is the removal of national identity. I reckoned—with justification—that the films were technically a success, and perfect, the French seemed of an aesthetic eye even to nuclear power, Italian erratic but good, very good, the Spanish, all departments, the American hideously naive in their tent. Now it is more of a spot the national identity. Think any notes on a Basco-Energie film. A slightly more academic yet, nevertheless, responsible view.

## National idiosyncrasy

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by DENYS SUTTON, Editor of Apollo

by MAX LOPPERT

The idiom of the music, a Berg-like melodic expansiveness tempered by a wealth of American plainness ("Wildfire, Wildfire" comes in with a rhythmic quality [that] suggests the communal Puritan heritage"), I find peculiarly affecting; and find, too, a peculiar fitness in the plan of the music—sudden leaps and falls, biting *allegro*, with charged, edgy additive rhythms vaguely reminiscent of Tippett's quartet-writing; an impassioned central theme and variations released by the rhythmic aggres-

by DAVID MURRAY

As for Brian, he remains puzzled. This piece he took with his bone pen in *Memorial*, written when he was 36 and therefore—by his heroically extended standard—very early in his career. It suggests to him a quite large orchestra, with organ; it sounds the work of an Edwardian with cosmopolitan interests. Many of its episodes through a strong, blithe, elegant, open-ended Scherzo. Sir Charles

rather than by actual borrowing, but the brusque last-minute drop into the original C major (from what had seemed an irrevocably settled E-flat major) has nothing Elgarian about it. In one form and another, the main track of the work is a calm, unending march, and that is Branshiff indeed.

You can march almost anywhere, or nowhere in particular, and still feel the piece. That was what Brian does in the slow movement of the "Gothic" Symphony, of which the three apparently self-contained orchestral movements constituted the

moves conducted it as persuasively as he had dealt with the rest; he convinced one that Brian had written exactly what he had intended to write, and he had merely made the most hopeful stab at original effects. The New Philharmonia gave what was unmistakably a polished performance. And yet it remained as mysterious as ever where Brian thought he was marching to, or where he was conceding, perhaps unnecessarily would bring enlightenment; but it is also possible that as a composer, Brian will remain an irretrievably private person.

This 25th anniversary of the Netherlands Embassy concerts—an idea sown in 1951 which took root firmly with the 1952-53 concert season—is celebrated with the 1976/77 season.

Much of the emphasis has been on introducing young Dutch musicians and ensembles, alongside those of established reputation. Many of the artists appearing in past series (often their London or U.K. debut) have since become known internationally. The present series continues this policy, with the pattern of nonpareils like ensembles and pianist Stanley Hoogland and wind instrumentalists, in whom the Netherlands excels, are also strongly represented with the oboist Han de Vries appearing with the Amsterdam String Quartet on Nov. 10, and in April the Quadro Hotteterre—recorder players Kees Boeke and Walter van Hauw—who with Frans Brüggen form the avant-garde recorder trio Sour Cream), Wouter Möller (baroque cellist) and Bob van Asperen, harpsichord, give the final concert in the series.

Of the five concerts in the Purcell Room, three will be given in London. Paul Verhey, Sauter and Vethen lands Wind Ensemble and principal flute of the Concertgebouw Orchestra, opens the season with Rudolf Jensen on Wednesday, Feb. 26. The violinist Maurice Bosman makes his debut on Feb. 9, accompanied by the Russian/Dutch pianist, Fania Chapiro, and in March George Pietserson, one of Holland's top clarinetists, makes his London recital debut with Harro Ruys-

The National Portrait Gallery will begin the new year with the largest exhibition ever of the works of Jozef Zoffany. With 138 paintings and drawings this will examine Zoffany's career from his beginnings as a European court painter to his later work in England, India and Italy.

Many of the works, which include some from the Queen's collection, will be shown in public for the first time. The exhibition will open on January 14 and run until March 26.

by NICHOLAS KENYON

The KCA, looking increasingly like the Mall, rubbish dump, seems belatedly to have realised that contemporary music should form as important a part of its activities as film, theatre or sculpture. Every Sunday evening between now and Christmas it is providing a generous unselected series of concerts by experimental composers, two Anglo-American evenings, and "Anti-fascist" events promoted by the Progressive Cultural Association—Cornelius Cardew lives. As part of three afternoon and evening sessions by the new weekly and English group Option-Bard, the young French harpsichordist Elisabeth Chojnacka was invited to give a workshop and a recital.

Totally absorbing, totally involving, the recital was a

Chojnacka made as much of the increasingly frenetic tempo and figurative as anyone could: the dull thumping of the tape played nothing so much as the march of the Gadarene masses towards, and over, the cliff. It was left to the last piece to stun the audience with its intensity. This was a new Xenakis work, Khôros, written for Miss Chojnacka and premiered in Cologne on May 15 this year. Utterly unlike any Xenakis work I've heard, without the usual rhythmic and timbral limited texture which marks (say) *Symphonie*, it seemed made for Miss Chojnacka's wild, demonstrative genius: it was fragmented, inconsistent, preoccupied with harpsichordal effects, rhythmic and melodic, and was very exciting indeed. Further judgment will have to await further hearings.

domination of new, unfamiliar music. Like the best virtuosos, Miss Chojnacka knows how to dominate her material; she plays in a bright spotlight, freeing her listeners in the darkness of the theatre from the need to read the program—notes and scores; she throws her music page by page onto the floor; her every gesture is part of the music and the whole event is a dramatic experience of the first order.

Miss Chojnacka is a pianist and an end—she makes us listen to the music with the same sort of concentration that she brings to performing it. To Francois Bernard Mache's Korncor, for example, a long and string

**"Dear Daddy" for the Ambassadors**

Dennis Cannan's new play *Dear Daddy*, well reviewed when it played at the Oxford Festival this summer, is to move into the Ambassadors Theatre on Thursday, October 20. It stars Nigel Patrick, Phyllis Calvert, Isabel Dean and Joan Collins. It is directed by David William and designed by Hutchinson Scott.

*Happy as a Sandbag*, now at the Ambassadors, will end its run on October 18. It is hoped to transfer it to another West End theatre.

decoration of animal sounds (on tape) with musical noises from the harpichord, clearly aimed at eliminating the distinction between noises and sound. Or to André Boncourechville's *Archipel* 55, a partly improvised sequence of structures realised with virtuosic conviction and commitment. Or to Percy Jolas's *Answer*, a lyrical, nostalgic little story.

Only the relentless trend of Luc Ferrari's *Socialist Music*? Failed to convince, though Miss

**Theatre contract for Iran**

A consortium led by the Theatre Projects Group has been awarded a multi-million-pound contract for a series of concert halls, theatres, cinemas and studios to be built throughout Iran. Theatre Projects has also been awarded a contract for consultancy on projects for National Iranian Radio and Television.

by ELIZABETH FORBES

The Deutsche Staatoper in East Berlin celebrated the 70th anniversary of the birth of Dmitri Shostakovich with a performance of the Russian composer's second opera, *Katerina Ismailova*, preceded by a short memorial concert. The quarter century which lies between the composition of the opera and its first performance in the USSR of 1938 was the time of the Russian Revolution and the revised version first performed in 1963, might well have destroyed the opera's spontaneity. Happily that is not so: *Katerina Ismailova* remains essentially the same, but with a burning vitality and a passionate sympathy which Shostakovich feels for his heroine survives intact. Whereas in Leskov's original story Katerina's motives are at least partly mercenary, in the opera she is driven to murder by her obsessive love for Sergel, and becomes a genuinely tragic figure.

The marvellous galaxy of villainous and grotesque, astral-lytic characters, which, in the novel, Shostakovitch surrounds Katerina, is extremely well diffused into Erhard Fischer's production at the Stanspeter. The Ismailov employees' mock trial of her, as they bid farewell to her, is a masterpiece of Boris Timofeyevich. Katerina's weak and ineffectual husband, is contrasted with the cringing, subject deference that they show to Boris Timofeyevich, her father-in-law. The farcical scene at the Ismailovs' is a masterpiece. The sun-speaker recedes under a sun-speckled shade, while two of his men water the sunflowers with the aid of a very large pitcher and a very small mug, gives way to an even more outrageous wedding banquet, when the drunken

behaviour of the guests is emphasised by the tightly buttoned respectability of their clothes, designed by Christine Stromberg.

Falk von Wangelin's sets for the courtyard of the Ismailov house and for Katerina's bedroom at the same time claustrophobic and yet suggestive of the limitless Russian countryside beyond the locked gates. Katerina's real moment of liberation comes not in the arms of her lover, Sergei, but when she takes the keys from Boris Timofeyevich, whose mushrooms she has just laced with rat poison. The stage-picture for the last act, with the convicts on the road to Siberia, is starkly expressive, but Katerina's final act of retribution as she pushes her rival into the lake and jumps in after her, misfires and falls in its proper effect.

Eva-Maria Straussova makes a

thoroughly credible, handsome and passionate Katerina. Though her singing is slightly uneven, her other hard timbre, the sheer intelligence of her singing, the care with which she phrases and above all the utter conviction of her acting and singing, make her a gem. Rainer Goldberg is equally good as Sergei. He combines the irresistible charm of the born philanthropist with the despicable greed and selfishness of a scoundrel on the make, while his energy, passion and conviction are outstanding. Rafal Różycki is a superb singing Rolf Tomaszewski sings commandingly as Boris Tomofeyevich, though his warm, dark-coloured voice sounds rather too noble for that lecherous and cruel domineering tyrant.

The smaller roles are all

excellently played. Peter Bindus as Zinoviy Borisovich presents a weak, pale copy of the effeminate Ismatov. Jutta Vulpus is effectively absent as the wife of the cook. Joachim Arnt, an acoustic Tattered Peasant (or Villager Drunk as he is called in the English version), makes a great deal of his monologue in the first act. The second act has a body of Zinoviy in the wine cellar. Siegfried Vogel belches and hiccupps genially as the priest. Günther Fröhlich is splendid as the venial, fowermouthed Police Inspector. The Siberian Leningburg Springer makes an icily attractive Sonetka, while Motomu Tsukamoto moves the convicts lamently.

*Ismaelgale* has lost its power to shock still, still an inexhaustible fount of melodic invention and an equally useless source of rhythmic energy. Heinz Richter, the conductor, does both admirably: the work full justice, attacking the more violent of the interludes in the program, with enormous relish and gusto. Drawn full-blooded playing from the Staatskapelle (whose brass section is superb), the orchestra is singing from the Staatsopernchorus. The concert, given in the Apollo-Saal, illustrated Shostakovich's career from the teenage precocity of *Praschnodumpe* and *Sorcerer's Apprentice* to the "Symphony for Contralto." "Six Poems by Marina Zvetkayeva" (1974), idiomatically sung—in Russian—by Annelies Burmeister, with Joachim Freyer as pianist. The Musica Nova Chamber Orchestra, also played the *Sinfonietta* op. 110 that is an arrangement of one of the string quartet No. 8.

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## EUROPEAN NEWS

## Communists confused over support for Andreotti

BY DOMINICK J. COYLE

THE ITALIAN Government's week-end package of austerity measures, including sharply higher petrol prices, the abolition of a number of public holidays and an end to threshold payments for higher-paid workers, had no obvious influence on the foreign exchange market to-day and the lira rate against the U.S. dollar closed virtually unchanged at \$40.40.

The market, however, remains somewhat artificial in that the temporary 10 per cent surcharge on all foreign exchange transactions has another week to run, and it will be next Monday at the earliest before the authorities can see how the market evaluates the Government's programme.

It should also be apparent by then whether Parliament will actually approve the various measures announced by the minority Christian Democrat Government of Sig. Giulio Andreotti, and in this regard the attitude of the Communist Party (PCI) will be crucial.

The PCI has indicated that its support is available for "tough" measures to tackle the country's fundamental economic and social problems, but the party leadership is known to have reservations about some elements in the Andreotti package, particularly the across-the-board increase of 25 per cent in the equivalent of £1.62 a gallon in petrol prices. The PCI is also demand-

ing a wide-ranging programme of industrial conversion and measures to reduce sharply unemployment. The Central Committee of the PCI has been summoned urgently to a special meeting this week, and the leadership is known to be concerned over the considerable confusion among rank-and-file supporters caused by the PCI's apparent general backing for the minority Christian Democrat Government. Many Communist voters expected all-out PCI opposition to the Government unless the Christian Democrats conceded in the wake of the June general election the so-called "historic compromise" or grand alliance in Government of all the democratic parties.

Some Christian Democrat leaders, however, fear that Sig. Andreotti may be about to concede an historic compromise of sorts in Parliament, if not formally in Government itself, and it is known that the Prime Minister was in frequent contact with PCI leaders prior to the announcement of the austerity programme and the earlier monetary steps in defence of the lira. It is clear, in any event, that the Communists can bring down the present Government virtually at will, if the leadership should so decide.

The Christian Democrats, meanwhile, are still without a party president, although Sig. Aldo Moro, Prime Minister in a number of previous Govern-

ments, was formally elected to the position yesterday by a decisive majority of those voting, but still with the endorsement of just under half the members entitled to vote.

In these circumstances, arising from what was undoubtedly an organised lobby of abstentions, Sig. Moro refused to accept the party presidency, and the Christian Democrats are to try again later this week to elect a leader, and quite possibly Sig. Moro will be the man.

At issue really is whether the generally "reformist" wing of the party represented by party secretary, Sig. Benigno Zaccagnini and his original promoter, Sig. Moro, is to gain the ascendancy. This group favours reform and renewal, but rejects the historic compromise. Instead, it is still hoping to attract the Socialists back into another Centre-Left administration, perhaps in the early months of next year.

## Irish mission

Mr. John Lynch, executive director of the Industrial Development Authority (IDA), will head a mission to Japan early next month for talks with Japanese Government officials and industrialists on Japanese investment in Irish industries. IDA's Tokyo office announced yesterday, reports Reuters.

## Soames taken ill

By Robin Reeves

BRUSSELS, October 11. SIR CHRISTOPHER SOAMES, the British Vice-President of the European Commission, was taken ill suddenly during a visit to his home at Castle Mill, Hampshire, at the week-end. He is in hos-



Sir Christopher Soames

pital under close observation, it was announced here to-day. All Sir Christopher's engagements for the next week have been cancelled. A speech he was to have made to the International Federation of Cotton and Allied Textile Industries in Vienna to-day, at the start of an official visit to Austria was read in his absence.

## Spain imposes temporary import surcharge

BY ROGER MATTHEWS

MADRID, Oct.

THE SPANISH Government to-day introduced a temporary surcharge on some import duties in an effort to trim the widening balance of payments deficit. The measure came into force with a package of other economic measures aimed at reducing the level of inflation, running at about 19 per cent, while still providing for some growth in industrial production.

According to the royal decree published in the State Bulletin, an increase of 20 per cent on existing import duty levels will be imposed immediately for a period of six months, with the exception of most capital goods and certain food products. Semi-official sources said that the Cabinet had rejected the idea of introducing prior import deposits

because of the liquidity difficulties of many companies. The Government has not made any forecast of what reduction this is expected to achieve in the overall import bill, but banking sources said they considered that a 2 or 3 per cent downward adjustment of the peseta against leading currencies would have been more positive. There have been indications that importers, anticipating some form of official action, have in the past month been increasing their stocks.

Estimates for the balance of payments deficit for this year have been rising steadily during the past two months, with the figure now put at nearly \$4bn. A rise of more than \$400m over none of these cases was a substantial saving expected, both because of the limited nature of the elasticity of Spanish imports, it was pointed out to-day that the regulations and the parallel measures to stimulate export growth would also have been very welcome. Much the same applies to the decision to impose an annual income tax of 1m pesetas (\$2,500) or by lower level incomes, equivalent to the cost of index increase during the last 12 months, plus 2 per cent will be allowed on the 350,000 pesetas, merely 2 per cent of living increases for 350,000, and nothing for the above 700,000 pesetas. For the majority of a new, negotiate new pay rises in the period. In the period, this would mean a substantial saving expected, both average increase of 20 per cent and 20 per cent.

## Franco's Brutus provokes Right reaction

MADRID, Oct.

THE MEMOIRS of the personal secretary of the late General Franco, showing the Caudillo and his entourage in a sometimes unflattering light, have caused controversy and reported Right-wing pressure on the government to ban the book.

Sources close to the Planeta Publishing Company said to-day that, even though the Government allowed the book to appear, the matter was "in no way settled." They said Right-wingers, and possibly people close to the Franco family, were still attempting to stop the book.

The memoirs—"My Private Conversations with Franco"—were written by Lt-General Francisco Franco Salgado, a first cousin of the late dictator, who served him as military aide and personal secretary for almost two decades. Its publication and simultaneous serialisation in the magazine, *Opinion*, caused an immediate uproar.

The newspaper *Alcazar*, organ of the 500,000-member Confederation of Civil War Veterans, reacted with a front-page headline that said: "Et tu, Brutus," repeating Julius Caesar's exclamation at seeing his protégé Brutus among his assassins. Giving Spaniards their first intimate glimpse of Franco's Cristobal Martinez, a hermetically sealed Pardo Palace residence outside Madrid, the book has become a runaway best-seller.

Its first printing of 45,000 copies was sold out in three days last week, despite a high price. Publishing sources said that if there is no ban or injunction, the book could eventually sell 1m copies. Its sales are helped by the fact that Franco never started his own planned memoirs since he believed that he had several more years to live.

The memoirs were published posthumously, Franco Salgado having died last year aged 88, only weeks before the dictator succumbed. He left the decision whether they should be published to his widow, the (Eltier) was always very never showed signs of character or temper which attributed to him," the U told his cousin. Of de Gaulle he said worst mistake was to political parties, which always been the cause of and infighting. Franco hoped for a visit Richard Nixon over Kennedy in the 1960 presidential election; but spoke of Kennedy with respect. Franco's men were often wrong, and men assigned to protect him "could not have been inefficient and disastrous," going hunting or fishing. The book depicts Franco's wife, Carmen Polo, as haughty and UPI

## Debre will oppose EEC direct vote

BY ROBERT MAUTHNER

PARIS, Oct.

M. MICHEL DEBRE, a former Gaullist Prime Minister and still an influential leader of his party's "orthodox wing" has announced that he will set up a committee to fight against the election of the European Parliament by universal suffrage. The new body which, M. Debre hopes, will attract not only Gaullists, but members of other French political parties, will be called "the Committee for the Unity and Independence of France" and will be formerly created before the end of the year.

M. Debre who is never happier than when playing the role of Chief Curator of the Gaullist tablets, told a local party meeting over the weekend that the creation of European "super MPs" would inevitably lead to the dismemberment of national unity. Though admitting that the Treaty of Rome provided for direct elections to the European Parliament, M. Debre said General DeGaulle never wanted to apply this particular article because "it went beyond the Common Market and touched the heart of national policy, namely independence."

Those who claimed that the new Parliament would not be

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EUROPEAN NEWS

# Dutch move to Right predicted by poll

BY MICHAEL VAN O'S

THE HAGUE, Oct. 11

A MAJOR opinion poll conducted last month suggests that Holland may be set for the type of swing to the Right already exhibited in West Germany and Sweden in the general election next May. The main coalition bloc, the "Progressives," is shown to be losing ground rapidly, while the large Liberal-Conservative VVD opposition party is attributed with a growth in support of near landslide proportions. If the poll's findings are reflected in the elections, the chance that the current coalition will return to office is slim. The poll, a joint project between NIPO, the country's largest polling organisation, and a social-scientific research institute, also shows acceleration in the movement of Dutch politics from many small parties into three main blocs. The Socialists' coalition allies, the recently established Federation which calls itself the Christian Democratic Appeal (CDA), is shown gaining enough votes to overtake Premier Joop den Uyl's Labour Party and to become Holland's largest political party. The first major review of the Dutch electorate to take place in a long time, the poll suggests that, compared with the 1972 General Election, the VVD could gain as many as 17 Parliamentary seats, to bring its total to 39 out of 150, should an election be held next May. The Socialists' bloc, the Left-dominated Cabinet would see its seats drop by 10 to 46, while the Labour Party going down by only two seats to 41. A shift to the Right is also seen within the CDA itself. The Christian Union (CHU), the only of the three Federation partners not represented in the current Social

Democratic-Christian Democratic coalition and a vocal opposition party, has gained four seats in the poll. The CDA would get 52 seats, up by four.

The poll's findings greeted with "astonishment" by the opposition, have caused considerable concern in the Socialist camp which had considered itself to be drifting fairly calmly towards a new coalition with the Christian Democrats next year. The CDA may be in a position after next May's elections to decide with whom it wants to govern. Although there is support among several Christian Democratic Cabinet Ministers for a second Centre-Left coalition, the party is not prepared to commit itself beforehand on which partner it would prefer, unlike the Socialists who have rejected a coalition with the VVD, and who are prepared to continue with the new CDA party only on the basis of what they call a "basically progressive" policy, the outlines of which should be agreed beforehand.

However, the unexpectedly strong support for the CDA in the poll, if continued, will mean that that party will demand the major ministerial positions from the Socialists, including the premiership. If that were to happen, the Socialists would almost certainly prefer to return to opposition.

The prospective dominance by the CDA also makes less credible the often-heard assumption in political circles here, which is that, in order to have successfully tempted the initially reluctant Anti-Revolutionary Party (ARP) to join the CDA's federal coalition, two other partners agreed in exchange of a continuation of a Centre-Left coalition.



Leo Tindemans

## Belgian coalition holds firm

BRUSSELS, Oct. 11

THE RULING Centre-Right coalition of Premier Leo Tindemans easily survived a mid-term test in yesterday's Belgian local elections.

The opposition Socialists made their expected gains in the French-speaking southern industrial centres, but they failed to progress in the Flemish north, and even lost ground in some of their working-class strongholds in Brussels.

Mr. Tindemans' Social Christians (Christian Democrats) advanced in Flanders and in the French-speaking south, and maintained their strength in Brussels.

In the capital, the French-speaking Federalist Party, FDP (Front Democratique des Francophones), scored surprise outright wins in several districts.

## WEST GERMANY'S STEEL INDUSTRY

# Steel yard blues

BY GUY HAWTHIN, FRANKFURT CORRESPONDENT

ORDERS to the German steel industry since the middle of the year have declined to the levels recorded in the 1973 recession. Nobody expected 1976 to be a vintage year, but after the rising prices and volume earlier on, recent events have been a disappointment.

Dr. Herbert Gienow, chief executive of Klockner Werke—now the Federal Republic's second largest steel concern—said in late March that after a long patch of grey the "steel sky was looking somewhat brighter."

His feelings were generally echoed throughout the industry. West Germany's steel industry, after all, had far more going for it than its competitors in most other Western industrialised nations. The resilient German economy was well on the way to recovery. The motor industry, a vital customer, was experiencing a tremendous surge in demand and, it was hoped, companies would soon be stepping up their investment programmes—thereby stimulating demand from those other bulk steel users, the capital equipment manufacturers.

By August, however, the steelmen admitted that there would be no real turn-around until 1977 and even then some were more bullish than others. Herr Willi Korf, chief of the Nord steel concern, was one of the more sanguine. Herr Korf, the man of the mini-mill, predicted that there would be a decisive break-through by 1977 and forecast that the steel cycle would go through a 180 degree turn.

The next steel boom, he said, would be "still worse" than in 1974 and exports would be a major factor in the steel makers' profits. Domestic demand, which had moved steadily upwards in the

early part of 1976, has fallen back, while export bookings have also been depressed. The proportion of steelmakers' volumes shipped abroad, by August, had fallen from the previous year's 40 per cent. to only 30 per cent.

There are many reasons for the downturn but the continuing recession in the capital goods sector has been a major factor. Two out of every three tonnes of steel produced are destined for the capital equipment manufacturers and without a major improvement in this sector, the steel industry could not hope for an improvement.

## Hedging

At the beginning of the year, the capital equipment industry appeared to be showing a growing demand for more steel. However, it now appears that they were largely rebuilding stocks run down in the 1975 recession and hedging against anticipated price increases. The demand for capital equipment has remained quiet as West German industrial concerns, most of which still have plenty of spare capacity, have concentrated on rationalisation measures rather than expanding production lines.

The car industry alone could not sustain a recovery. For instance, Thyssen, West Germany's largest steel producer, sells 10 per cent. of its production to the motor industry, but a 30 per cent. increase in motor production yields only 3 per cent. increase in demand for its products.

Besides, the car industry itself is going through a rather flat spell after an initial surge in demand. Car orders in the first quarter were exceptionally high as buyers booked early to avoid price increases. Exports have

improved but shipments to the U.S. market are still in decline as the steadily increasing value of the Deutschmark erodes their competitive position.

Domestic demand for rolled steel finished products in August—the latest figures available—were 12.2 per cent. down from the previous month's 1.1m. tonnes to 970,000 tonnes. And this came after an earlier 12.2 per cent. fall from June to July.

There was an even greater drop in demand from other European Economic Community countries. From July to August orders plunged by 24.9 per cent. from 135,000 tonnes to 102,000 tonnes—a slightly heavier decline than June to July's 34.4 per cent. fall off.

Only orders from third countries have remained relatively buoyant. Between July and August they rose by 20.4 per cent. from 333,000 tonnes to 401,000 tonnes but even this was not sufficient to prevent a considerable attrition to the order book. The order book for rolled steel finished products, excluding semi-finished products, hot rolled broad strip and special steels, fell by 5.9 per cent. from July's 4.39m. tonnes to August's 4.13m. tonnes. The home order book was off 6.9 per cent., 12 months the country's steel exports surplus of an annual 200,000 tonnes had been turned into an import surplus of 100,000 tonnes.

With no signs of weakening in the value of the D-Mark, West German manufacturers will find the going hard in traditional export markets unless they are prepared to take heavy losses. In the home market, cheaper foreign products may well have gained a foothold that will be hard to dislodge.

fallen as low as 50 per cent. The poor utilisation of capacity meant that many products were being produced at a loss, he said. Crude steel production during the year was now expected to total only 44m. tonnes—better than 1975's 40m. tonnes, but well under 1974's record level of 53.5m. tonnes.

The steel producers problems have been exacerbated by the worrying increase of imports. Steel producers have already reported stiff competition from foreign producers in the home market—a trend already remarked upon by the Rheinisch-Westfälisches Institut fuer Wirtschaftsforschung (RWI). RWI, which is based in the Ruhr at the centre of the West German steel making region, reported in August a huge increase of steel imports this year, coupled with low home demand from shipbuilding, mechanical engineering and steel construction.

Since autumn 1975, steel imports had risen by 25 per cent. and by the month before last accounted for 29 per cent. of the Federal Republic's steel consumption, said RWI. Within 12 months the country's steel export surplus of an annual 200,000 tonnes had been turned into an import surplus of 100,000 tonnes.

With no signs of weakening in the value of the D-Mark, West German manufacturers will find the going hard in traditional export markets unless they are prepared to take heavy losses. In the home market, cheaper foreign products may well have gained a foothold that will be hard to dislodge.

## EEC ministers vie for farm post

BRUSSELS, Oct. 11

ITALIAN FARM Minister Sig. Giovanni Marcora is emerging as the front runner for the key agriculture portfolio in the new Common Market Commission to be headed by Britain's Mr. Roy Jenkins, diplomatic sources said today.

Signor Marcora has the support of other big Community countries and Mr. Jenkins dismissed his possible nomination during recent talks with Italian leaders in Rome, the sources said. Filling the Farm Commission's slot is a highly sensitive issue because the integrated nature of EEC farm policies make him the most powerful commissioner after the president.

With the coming EEC summit in The Hague only six weeks away, the list of names in Mr. Jenkins' pocket of potential colleagues is getting shorter as member governments narrow the number of candidates. The new Commission takes over in January.

There is still no certainty as to the second British Commissioner to accompany Mr. Jenkins to Brussels. The names circulating here are former Conservative Industry Minister, Mr. John Davies and Sir Peter Kirk, Leader of the Tory delegation to the European Parliament, with betting now running strongly in Sir Peter's favour.

Back of the four big EEC countries—West Germany, Britain, France and Italy—have two of the 13 commissioners while the smaller members name one apiece.

For France, the current head of the Commission, M. Francois-Xavier Ortoli, is being tipped to stay on as vice-president with responsibility for foreign affairs.

His present partner, M. Claude Cheysson, is expected to take his place to a Gaullist politician. Former Farm Minister Michel Comtet is a possible nominee.

Following the victory of the Socialist-Liberal coalition in West Germany, the tandem of Wilhelm Haferkamp and Guido Brunner is likely to continue for another term.

Sig. Marcora has not yet committed himself to running for a Commission job, but has made it

clear that if he does come to Brussels, it will be for the farm post only.

Denmark's able technocrat Finn-Olav Gundelach is likely to stay on even if he does not get the coveted farm post for which he has been lobbying.

Education Minister Richard Burke is tipped to replace Dr. Patrick Hillery as Irish Commissioner.

For the Benelux countries the situation is less clear. Luxembourg's Socialist Raymond Vuel is virtually certain to remain but this complicates the appointment of the members of the Brussels executive by Belgium and Holland, keen to see all main Benelux political trends represented.

If the Socialist-led coalition in Holland wants to replace present Farm Commissioner Pierre Lardinois who is leaving, with a Socialist, it means that Henry Simons of Belgium, another Socialist, would probably have to go. But he may have to anyway since the ruling Centre-Right coalition of Premier Leo Tindemans could want the post for a Christian Democrat or a Liberal.

## Leyland wins Dutch order

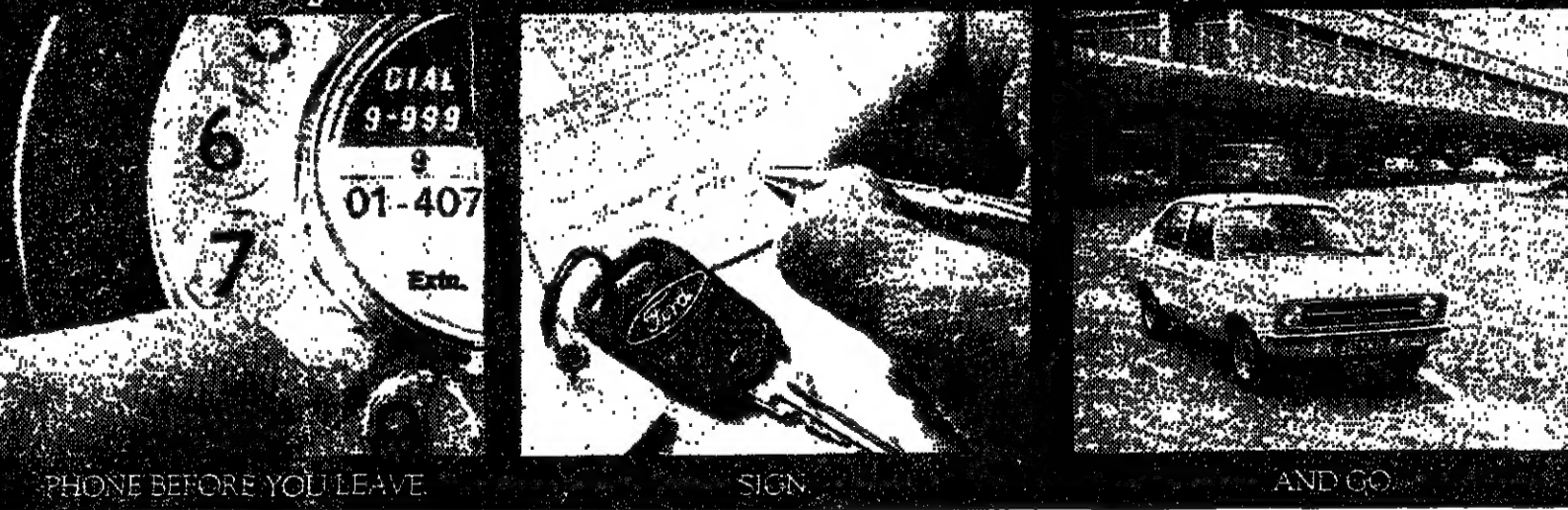
By Michael Van O's

BRITISH LEYLAND is to supply 512 Landrover ambulances to the Dutch Army under a contract worth around £1.5m. (£3.5m.). Michael Van O's writes. The transaction involves an extension order (option) following the much larger contract worth £1.7m. (£3.5m.), signed last year for the delivery to the Dutch Army of 2,625 Ordinary Landrovers by Leyland.

British Leyland Nederland said that the upper ambulance construction contract on to the vehicles in the current order would be supplied by the British company Marshall of Cambridge. The full ambulance contract, including spares, will have to be executed within five years.

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## AMERICAN NEWS

## Venezuelan crude output falls

Venezuelan crude oil production so far this year has reached 2.23m barrels per day, down 7 per cent from 1975 output, writes Joseph Mann in Caracas.

The most recent figures published by the Venezuelan Government indicate that although overall production has dropped off from last year, present output levels are considerably higher than those registered at the beginning of 1976, when all foreign oil companies were nationalised. At that time, production fell to the lowest point in 20 years, or about 1.5m barrels daily. Since then, exports of crude and refined products—and hence production—have recovered well.

## U.S. steps up arms for Israel

The U.S. yesterday agreed to increase its weapons aid to Israel to prevent what President Ford called "circumstances we want to avoid" in the Middle East, reports UPI from Washington.

Administration officials said the new aid package was the subject of discussion at a White House meeting between Ford and Yigal Allon, Israel's Deputy Prime Minister and Minister of Foreign Affairs.

## Uruguay price rise

The military-backed Government in Uruguay has raised the price of petrol by 14 per cent to \$2.20 a gallon, sparking predictions of more inflation. AP-DJ reports from Montevideo.

The petrol price rises came three days after the Government decreed a 6 per cent wage increase, which increased the average salary to \$100 a month. Although inflation is pegged at 25 per cent for the January to August period, Government economists say it is lower than the figure of 33 per cent for the year-to-date period.

## Communications Act

A "baseline-to-act" overhaul of the 1934 U.S. Federal Communications Act was proposed to the next Congress yesterday by the chairman and ranking Republican on the House Communications Sub-committee, reports AP-DJ from Washington.

The law provides the basis for regulation of most of the nation's telecommunications systems.

## Tone of campaign begins to deteriorate

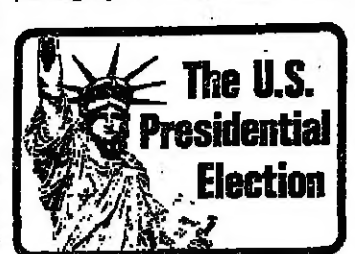
BY DAVID BELL

THE U.S. presidential campaign is in some danger of turning into a bitter slanging match in its last three weeks. If the last few days of campaigning by both candidates are anything to go by.

American voters, many of whom are still less than enthusiastic about either candidate, have been treated to a series of bizarre incidents which, if they continue, threaten to devalue the whole campaign.

In Dallas yesterday, for example, the President was to be observed basking in the endorsement of the Rev. Harold Criswell, a minister who heads the largest Southern Baptist congregation in the world. Mr. Criswell praised Mr. Ford above all for

not giving an interview (as Mr. Carter did) to Playboy Magazine, which he called a "salacious, pornographic magazine." How-



ever, it was the same Rev. Criswell who only last year described Mrs. Ford's comment that she would not be surprised if her daughter had had an affair as "gutter-type mentality." He added: "That's animal thinking."

You know animals have no morals. They are promiscuous."

Meanwhile, in the Midwest, Mr. Carter threw his customary caution to the winds and at one point assailed Mr. Ford for being no more than a small-scale version of former President Nixon. "Ford is less accessible than was Nixon at the worst of Watergate," he charged, adding that it is still Nixon loyalists who really run the Ford administration.

Although there is much truth in the charge that Mr. Ford has been avoiding the Press whenever possible, some of Mr. Carter's aides feared yesterday that he may have gone too far even though these attacks consistently draw wild applause. Campaigning in Indiana yesterday afternoon, Mr. Carter was

more circumspect, clearly aware of the dangers of a backlash.

On the way back to Washington last night, however, Mr. Carter threw his customary caution to the winds and at one point assailed Mr. Ford for being no more than a small-scale version of former President Nixon.

"Ford is less accessible than was Nixon at the worst of Watergate," he charged, adding that it is still Nixon loyalists who really run the Ford administration.

Mayor Richard Daley of Chicago forgot the candidate's name and called his wife Amy, which is actually the name of his daughter. Then the bishop who was supposed to be making a pro-Carter invocation used the occasion to attack the candidate's views on abortion before the heavily Catholic audience. This left Mr. Carter looking distinctly nonplussed.

There are signs that the electorate is also feeling a little nonplussed as well. It is not simply that most of the "issues" that have emerged have been peripheral—although they may be worrying enough. It is more that both candidates are in danger of being perceived as throwing ill-directed punches at unimportant targets, a tactic which betrays their own inexperience.

## Heavy vote in Cuba poll

HAVANA, Oct. 11.

HORSES, homing pigeons and boats were used to collect results from the remote parts of Cuba after the first election under Prime Minister Fidel Castro yesterday.

Voters were electing 188 municipal assemblies, the first stage in a plan approved by the Cuban Communist Party's first congress last December to give the people a greater say in running their affairs.

Early returns suggested that more than 90 per cent of the 5.4m. electors had voted. Some polling stations reported a 100 per cent turnout. Run-off elections will be held next Sunday in those of the 11,000 districts.

where no candidate received an overall majority.

Just over half the 30,000 candidates, all chosen by their neighbours at street-level meetings, are members of the Communist Party. A further 16 per cent belong to the Communist Youth Movement.

Dr. Castro, voting in the central Vedado district of Havana, said the election was "a significant step forward in the process of consolidation and institutionalisation of the revolution."

The municipal assemblies will run local public services but, with leadership remaining in Communist Party hands, will have little political power.

## Nicaragua arms report denied

BY CANUTE JAMES

KINGSTON, Oct. 11.

THE JAMAICAN Government and the Cuban embassy have denied reports originating in Nicaragua that this island is being used as a staging post for arms being shipped to guerrillas in the Central American republic.

The report last week, carried by news agencies and credited

to a Managua newspaper, said that arms were being carried from Cuba to Ocho Rios on the Jamaican north coast, and then shipped to Nicaragua to be used by the Sandinista guerrilla movement. The Sandinistas have been fighting the Nicaraguan Government.

## UMW dissent reaches staff of president

WASHINGTON, Oct. 11.

DISSENTION WITHIN the troubled United Mine Workers Union has reached the staff of UMW president Arnold Miller, foreshadowing an even more acrimonious campaign climate prior to next June's presidential election.

The embattled union leader fired two of his top aides, Edward Burke, executive assistant, and Bernard Aronson, Press secretary, late last week and rumours are circulating at UMW headquarters that several more key staff members might be dismissed soon.

Until now, the intra-union bickering has been mostly between the president and the union's policy-making executive Board. But in recent weeks (amid growing speculation that UMW secretary-treasurer Harry Patrick might challenge Miller for the union's top job) union sources said Miller has become increasingly suspicious of the allegiance of some staff members and has threatened further firings.

## New York officials look for cutbacks

BY STEWART FLEMING

NEW YORK, Oct. 11.

AS New York City officials begin the process of selecting targets for drastic cutbacks in spending, the City's police force is today planning further protests over its disputed work contract.

Today is a public holiday in the U.S., with banks, postal workers and large sections of business celebrating Columbus Day. In New York the Italian community will be holding one of the year's biggest parades down Fifth Avenue, and while some police officers control the crowds others will be handing out leaflets protesting at the City administration's contract proposals.

Mayor Abraham Beame's Administration has already refused to comply with an arbitration panel's award to the 18,000 patrolmen apparently because of the City's deteriorating finances. The award would have given patrolmen retroactive wage increases of 8 per cent and 6 per cent for 1974 and 1975. If implemented such an award would have threatened the continuing wage freeze accepted by

other City workers as part of New York's austerity plan.

In addition the Beame Administration has been aiming to reduce police days off by 10 days a year.

The changes have resulted in violent protests by squads of off-duty police, four of whom were arrested last week.

Today it emerged that city officials are already working on new economy plans for the 1977 financial year, beginning next July. Analysts suggest that next year will see the harshest cuts in New York's services, since the three-year programme to bring the city's budget into balance left off until next year the largest portion of the required economy.

The city's expense budget for the year ended June 30, 1976, of \$13bn. produced a deficit of \$1bn. If successful, the current year's budget of \$12.5bn. would leave a deficit of almost \$700m, which would have to be eliminated in the next financial year when an expense budget of \$12bn. is planned, but no deficit.

## Skilled car workers group rejects Ford settlement terms

BY JAY PALMER

NEW YORK, Oct. 11.

THE LARGEST single group of fear that they will do so job skilled car workers at any Ford show their muscle.

Motor plant has rejected by a sizeable margin the terms of a proposed settlement of the tomorrow night. Even current strike. At the same time, majority of both skilled and unskilled workers have voted in favour of the contract.

The terms of the settlement, reached last Tuesday after weeks of hard bargaining by the United Auto Workers' leadership, must be approved by a majority vote of both skilled and unskilled workers to end the dispute.

Although the results of only the first few votes are now in, initial indications are that many car and auto workers will approve the settlement terms. Many fear, however, that the skilled union locals may reject the differentials negotiated on their behalf and thus prolong the strike.

The proposed settlement gives skilled workers wage increases above and beyond that of rank and file. In addition to the first year salary rise of 3 per cent, plus 20 cents an hour, skilled workers will get increases of over 10-15 cents an hour depending on their job classifications. They also receive extensive non-money benefits.

Rejection of the contract by skilled workers has been feared for some time in the last UAW negotiations with the car industry in 1973, skilled workers rejected certain provisions of the contract. After renegotiating these clauses, union leaders neglected to hold a second vote and simply informed both the car companies and local leaders of the terms.

This produced an intense outburst of bitter criticism by skilled workers. Their objections were not directed at the renegotiated terms so much as the fact that they had not been given the opportunity to vote. As a result skilled workers were given the right to veto the entire settlement this time round and many

## Forex sees rise in rate of U.S. \$

NEW YORK, Oct. 11.

FOREX Research anticipates a rise in the effective rate of U.S. dollar in the current quarter at the expense of the pound, lira, and French franc.

Also, rising U.S. dollar sales, along with an upswing in the U.S. housing market, result in a stronger dollar and an increased demand for money.

An increase in interest rates likely near year's end, early 1977, Forex says, will result in a boost to the dollar, particularly against Canadian dollar.

Nevertheless, the rather U.S. trade deficit in 1977 limit the gains in the effective rate of the dollar to relatively modest amounts, mainly against the pound, lira, and French franc. However, the U.S. dollar will show further gains during the year against German mark, Swiss franc, Japanese yen, Forex says.

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## CALIFORNIA'S SENATE RACE

## Maverick challenge

BY MAURICE IRVINE IN LOS ANGELES

ONE of the more unlikely candidates in this crowded California election season is Dr. S. I. (Sam) Hayakawa, the jaunty 70-year-old Republican.

Seeker of a seat in the U.S. Senate. And one of the more unlikely things about him is that the pollsters give him an excellent chance of beating the Democratic incumbent, Senator John V. Tunney.

Mr. Tunney should have everything working for him: he is young, toothy, affable, a able middle-of-the-roader who enjoys the friendship and backing of the Kennedy clan, and whatever aura clings to being son of the great world heavyweight who floored Dempsey.

Dr. Hayakawa is short and elderly, an academic of Japanese origin, whose speciality is semantics. He has little money, few political friends, and no political experience. Yet his primary campaign swept past a full field that included a nationally-known Cabinet member, and a congressman with big money behind him. He became the GOP candidate. Today, the polls put him within one percentage point of Mr. Tunney. Why? Dr. Hayakawa says: "I've been helped by disillusionment with the political system. The fact that I have no IOUs to people in the buddy network is in my favour."

To supplement these negative assets, there is an aura of dynamic positivism which he

wears together with a bright belief, a strong military posture. The unexpected popularity both men is making political tacticians sit up and think.

Like Mr. Mornihan, Dr. Hayakawa is an eloquent and witty speaker, not afraid of down-to-earth reply, still less the corny folksy gesture. When a student, sound-truck and he produced, albeit somewhat sheepishly, that tam-o-shanter by ripping out his head at the end of each system, slapping away the hands of the demonstrators, giving, semantically speaking, as good as he got. When his tammy was finally captured one morning, he dashed into the jeering mob and retrieved it. Dr. Hayakawa admits that he is still "living off the television time I got between 1968 and 1970."

But perhaps there is a more significant reason for his appeal. On the other side of the country, a similar success has been scored by an equally flamboyant conservative, Mr. Daniel P. Mornihan, who beat a field of Democratic warhorses in a TV debate shortly after the liberals in the liberal state of New York—to become his party's nominee for the U.S. Senate. What Mr. Mornihan the Establishment while and Dr. Hayakawa appear to have in common is their outcast status about where U.S. politics values: the family, religious heading.

A naturalised American, in Canada of Japanese parentage, he is a man who is not afraid of the word "maverick". He is a man who is not afraid of the word "maverick". He is a man who is not afraid of the word "maverick".

He is a man who is not afraid of the word "maverick". He is a man who is not afraid of the word "maverick". He is a man who is not afraid of the word "maverick".

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Neto leaves Moscow

ON OTHER PAGES



## OVERSEAS NEWS

Fighting rages in Beirut  
as peace talks continue

HSAN HIJAZI

BEIRUT, Oct. 11.

Lebanese, Palestinian, in the Chouf mountains overlooking the Southern port city of Sidon engaged in artillery duels with Palestinian forces today, fighting intensifying in the North Beirut area leaving a section mark over the peace talks for the time being.

Down, Palestinian and forces at the Southern Marjayoun traded mortar and artillery shells with Israeli militiamen at the al Qlaia near the border.

In the region were in civilian traffic. Simultaneously, Syrian forces at Jezzin

Christian militiamen were reported to be wearing Israeli uniforms and helmets and equipped with Israeli weapons. The witnesses said they could see Israeli telephone wires stretched to the headquarters of the right-wing Phalangist party in such frontier villages as Kineich and Ain Ebel.

Observers noted that less than a quarter of Lebanese territory was controlled by the Lebanese themselves. Half of the country is under Syrian occupation, while the rest is under the control of the Palestinians with the border area in the South under virtual Israeli domination.

Arab diplomatic sources here said the outcome of the Shitoura talks notwithstanding, the conflict between the Syrian regime of President Hafez al Assad and the leadership of the Palestinian guerrilla movement under Mr. Yasser Arafat is such that one or the other has to gain the upper hand if any solution to the Lebanese crisis is to be reached.

## Palestinian attacks on embassies

SYRIAN EMBASSIES came under attack in two countries yesterday by Palestinians protesting against Syria's intervention in the Lebanese civil war.

In Rome, three young Palestinians calling themselves commandos of the "Black June" movement raided the Syrian embassy but surrendered in police 30 minutes later. One embassy official was wounded.

In Islamabad, a group of seven or eight students, mostly Palestinian, stormed the Syrian embassy but were turned back by Pakistani police. The students then hurled a grenade into the building and witnesses said seven people were wounded in a gun battle that followed.

Before surrendering to police who had ringed the Rome embassy, the leader of the three Palestinian commandos read a statement in which he said the operation had been carried out to focus world attention on the plight of the Palestinian people.

The Black June movement is named for the month in which Syria sent troops into Lebanon this year. An attack on a Damascus hotel last month in which four hostages were killed was also carried out by commandos who said they belonged to Black June.

The gun battle erupted after police and security guards stopped the students from entering the building.

## India to liberalise imports of capital goods

BY K. K. SHARMA

NEW DELHI, Oct. 11.

THE INDIAN Government has decided to import capital goods liberally so that the growing foreign exchange reserves now standing at around Rs.215n. (1146m.) are used profitably to modernise industries and increase their production and export capacity.

Further steps to use the reserves are to be announced later this month but pre-conditions on importing capital goods have been taken to check the growing "leakage" in industry and the use of 75 industrial units for various reasons, including the depreciation in demand for funds and obsolescence of plant and equipment.

Liberalisation of imports of capital goods is expected to not

only modernise the obsolete units so that they increase production both for the domestic and world markets but also throw the long protected Indian capital goods industry open to competition from abroad.

This is a major change in policy since, until now, there were procedural hurdles and specific bans in the way of such imports; these resulted either in "leakage" or sluggishness in the equipment making units with similar adverse effects on the units they were meant to serve.

The relatively liberal and quick import of capital goods, the government hopes, will perk up the indigenous capital industry out of its lethargy and lead to the development of other undertakings.

Combining with other decisions

to permit import of technology and raw materials, the hope is that production will increase and remove shortage in the country and increase exports.

The Government is now studying

the reasons that led to the closure of such a large number of industrial companies as well as the substantial surplus capacity in others. Remedial steps are to be taken after the study is complete but the hope

is that the revival of the economy following two successive good monsoon harvests will stimulate overall industrial production and exports as well.

The All India index of security prices which touched extremely low levels in May has been rising steadily since June. This suggests that market expectations are improving as a result of the better outlook for the economy.

India's Petroleum Minister, K. D. Malaviya, has left for Tehran where he will discuss further economic links between India and Iran, particularly the question of crude supplies. Just before leaving, Mr. Malaviya expressed concern about the impact of a further price increase by Opec on developing countries, and it is expected he will discuss this at Tehran.

## Rabin move over Hebron

DANIEL

JERUSALEM, Oct. 11.

ENDING LAST week's events on Israeli Premier Yitzhak Rabin made it clear at yesterday's Cabinet meeting here that he intends to increase his involvement in the occupied territories, in the West Bank and Gaza Strip, to the areas have come under the jurisdiction of the authorities in other Defence Minister, with the Premier has been at the forefront of the Labour Party is

due to meet in December to choose the leadership which it will put to the voters.

Acknowledging that he had not been "sufficiently involved," in what went on in the territories, Mr. Rabin proposed that the 11-man Ministerial defence committee dealing with regular defence matters, take over an additional job, the supervision of policy in the areas.

Defence Minister Shimon Peres said he had agreed in the past to give the committee a greater share in policy-making for the occupied territories, but he clearly took the timing of the Premier's proposal as a sort of vote of no-confidence.

Japan PR campaign  
Australia

KENNETH RANDALL

CANBERRA, Oct. 11.

JAPANESE Government in conduct a public relations campaign to change the image in Australia. It is based on a national conducted for it recently Australian Nationwide Polls (ANOP) which results which it can id disturbing.

Japanese authorities, however, published their results in both Canberra and Sydney, in marked contrast to Australian side, which has similar survey taken of Japanese attitudes in Australia. The Australian Affairs Department says be possible later to subsume of its results.

his stage, however, it refer to regard its survey private document.

son for the Department at "frankly" there are ings in it we would not see published "and com- s of the two results might ounds for perception."

Australians in the ANOP correctly identified Japan as the major trading partner nearly half thought that with Japan should be in- though most of the ter thought it should be its present level. There eral acceptance of exist- iple standstill following the per cent of those inter- thought that Australia not sell uranium to Japan: cent said that sales go ahead.

## Ford strike in NZ

By Dai Hayward

WELLINGTON, Oct. 11.

PRODUCTION at Ford's New Zealand main car assembly plant near Wellington is at annual restrictions on trade, per cent of those inter- thought that Australia not sell uranium to Japan: cent said that sales go ahead.

## Soviet MiG retaliation

DAVID SATTER

MOSCOW, Oct. 11.

VIET UNION has shown oyance with Japan over the 25 episode in a number ways but it now appears ill be no major Soviet ion for the dismantling plane.

nese businessmen in Mos- have been experiencing in beginning promised- tions with Soviet ations, and Soviet have said that a planned Japan by Trade Minister Patolichev is off as may ist by Fisheries Minister dr Ishkov.

have also recently been er of Soviet administered its affecting ordinary e citizens, including the e visas to a delegation of chess grandmasters, the to allow the crew of a Airlines' Frankfurt Tokyo flight to spend ight in Moscow and the ation of permission for a e embassy exhibit at v's botanical gardens.

Neto leaves  
Moscow

By Our Own Correspondent

MOSCOW, Oct. 11.

ANGOLAN PRESIDENT Agostinho Neto has left Moscow for Leningrad following discussions with Soviet Party leader Leonid Brezhnev and the signing of a 20-year-treaty of friendship and cooperation with the Soviet Union.

## ON OTHER PAGES

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Western Australia needs more industrial expertise and capacity in a hurry. And if Western Australia's economic growth is not sufficient incentive, take a look at the markets on the east coast of Australia and the proximity of the markets in South East Asia and the Middle East.

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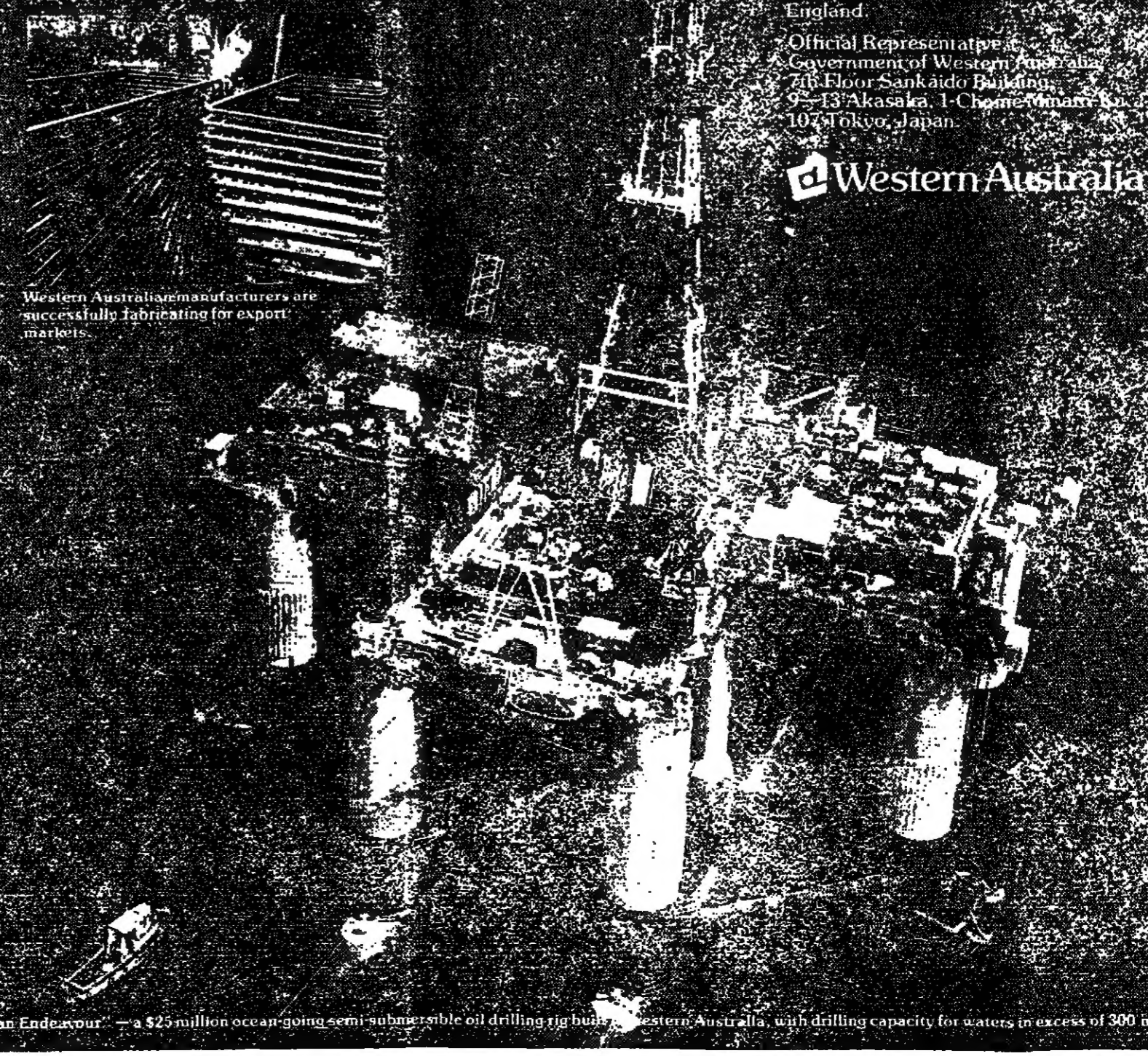
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Ocean Endeavour — a \$25 million ocean-going semi-submersible oil drilling rig built in Western Australia, with drilling capacity for waters in excess of 300 metres.

dan disease  
identified

Ian Darby

KHARTOUM, Oct. 11.

FEVERY disease that has parts of southern Sudan is identified as a type of hemorrhagic fever by a UN bulletin being distributed.

bulletin says the outbreak in Anzara, Western Equatorial Province, in July. It died out reappeared some 100 to the east in the same at Meridi where it is "alarming proportions" in September.

affected area is near the with Upper Zaira from there have also been of an unidentified disease.



## WORLD TRADE NEWS

## Iran gets special deal on Turkish transit fees

BY METIN MUNIR

ANKARA, Oct. 11.

IRAN has won a privileged status for its lorries travelling through Turkey, entailing a reduction in transit fees, according to official sources told the Financial Times here today.

It was officially announced on Saturday that Turkey and Iran had reached an agreement in principle on the problem of transit fees, which ended on Saturday. The agreement will be signed by the Turkish Ministers of Finance and Communications and will be signed by the Iranian Minister of Commerce before the end of this month. But official sources said privately that the reduction of transit fees will start from the Iranian TIR lorries and will be reciprocal of similar arrangements by Iran for revenues Turkey imposed new and heavier duties on transit lorries under this agreement, the last December in order, officials said, Iranian lorries say, to obtain funds for repair-

would pay less than the \$1 per 64-kilometre/tonne that lorries of other countries pay. How much less was not disclosed, nor the means whereby Turkey would be compensated.

The agreement was reached in Ankara during a four-day official visit by Mr. Anouchehr Taslimi, Iranian Minister of Commerce, to Ankara. The agreement will be signed by the Turkish Ministers of Finance and Communications and will be signed by the Iranian Minister of Commerce before the end of this month. But official sources said privately that the reduction of transit fees will start from the Iranian TIR lorries and will be reciprocal of similar arrangements by Iran for revenues Turkey imposed new and heavier duties on transit lorries under this agreement, the last December in order, officials said, Iranian lorries say, to obtain funds for repair-

ing and improving the highways used by TIR lorries.

Ankara invited foreign governments to sign new highway agreements under the new toll system. Many countries, including Britain, responded but Iran, whose dependence on Turkish roads is heavier than that of any other state, refused.

Iran, which normally has exceptionally good relations with Turkey, was upset because several months before the new toll system came into effect the Shah had undertaken to give Turkey a loan of \$1.2bn. for communications improvement. The Shah froze the loan.

Official sources now say that the loan will be released enabling Turkey to implement major highway, railway and harbour improvement projects.

It is too early to determine how the deal reached with Iran will affect the position of other countries or Turkey's overall transit system. Iran was the second state to become an exception. Earlier Bulgaria had won "temporary" exemption from the transit fees after making life difficult for large numbers of Turkish migrant workers who use Bulgarian roads for travelling to and from their Common Market jobs.

This has led observers to conclude that Turkey is susceptible to pressure.

● CIE Nationale Air France had received \$34m. from the French Government to finance part of the purchase price and spares of some respects, such as for high

value goods, it is admitted that it is sometimes distorted by large over the past four months has been 1.8 per cent a month, with the Far East outstripping other markets, according to a new air cargo survey.

During the period the average monthly increase to the Far East was 7.8 per cent, while the figure for the oil producing countries of the Middle East and Nigeria was 7.4 per cent.

Air freight to the U.S. rose by an average 1.7 per cent, and Western Europe 1.3 per cent, while volume to Scandinavia fell by an average of 8.4 per cent according to the report published by Freight Information Services.

Although air cargo volume is a sensitive indicator of exports in some respects, such as for high

value goods, it is admitted that it is sometimes distorted by large over the past four months has been 1.8 per cent a month, with the Far East outstripping other markets, according to a new air cargo survey.

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## Korean car in Europe next year

Financial Times Reporter

HYUNDAI MOTOR, the South Korean car company headed by Mr. George Turnbull, formerly of British Leyland, is hoping to have its new Pony model on sale in Europe next year.

The car, the first model to be produced at the Hyundai plant which was begun only about three years ago, is scheduled for tests at the U.K.'s Motor Industry Research Association centre next month. "It could well be on sale in Europe by the time of the Paris Motor Show next year," Mr. Turnbull said at this year's show yesterday.

Meanwhile, the Pony, designed in Italy, and powered by a 1,240 cc Japanese engine, is being exported to developing countries such as Ecuador, Nigeria and the Yemen.

Mr. Turnbull added, however, that the progress of the Korean industry at home might be slower than originally expected because promised tax concessions had not been made.

● South Korea told a visiting British business delegation that it will send a Korean economic mission to import machinery and other British goods to help correct the current trade imbalance against Britain, AP-DJ reports.

Korean exports to Britain in the first seven months of this year amounted to \$142m. against \$95m. of imports from Britain in the first six months of this year.

## China looks cautiously at U.K.

BY COLINA MacDOUGALL

IRONICALLY, BRITAIN acts as host to more Chinese trade and technical delegations than any other country except Japan, but it is well down the league table of exporters to China.

Although China is cutting its longstanding imports of grain from Canada and Australia to have more money for industrial equipment, very little is coming the way of British exporters.

British sales to China in the first eight months of this year were admittedly \$18m. above the equivalent for last year, reaching £106m., but the exchange rate obviously accounts for a great deal of this. "Dollar values published by the OECD for the first five months of the year showed British exports to China to have been below last year's. There has been no surge in exports since to make up the difference."

## Inferences

In any case, deliveries under some of the big British contracts like aircraft and mining machinery are now completed. The question is what apart from the Rolls-Royce Spey engine deal concluded last December, is going to replace them.

The Chinese are not at all uninterested about what might interest them. One can only draw inferences from general knowledge of the Chinese economy, from the kind of delegations they ask to send, and for large transport aircraft in what they ultimately buy. And the wake of July's earthquake at Tangshan, and for these they

they don't necessarily come back for more.

However the streams of delegations at present coming to Britain really do provide some clue to Chinese thinking. Half a dozen groups have either been here recently or are about to arrive. An important team came last month from the China Mechanical Engineering Society to look at oil equipment and offshore drilling. Four of them, including the leader, worked for the Peking Petroleum and Chemical Industries Complete Plant Corporation.

They seemed to have two very specific purposes—to get to know the British companies involved, and to see companies which make drilling and extraction equipment for offshore oil. While the Chinese have not done any business with British companies here yet, they do have some deals in the pipeline with parent U.S. companies. Although their oil industry seems to have lost some of the impetus it had a couple of years ago, they are still thinking in terms of future development.

Another significant group came last month to the Farnborough Air Show, interested in both aircraft and satellites. But although very friendly contacts were maintained, the Chinese seem unlikely to buy any more aircraft at present, at least from Britain. They appear to be feeling a need for large transport aircraft in delegations they ask to send, and for large transport aircraft in what they ultimately buy. And the wake of July's earthquake at Tangshan, and for these they

would have to look to the U.S. At Farnborough it was the electronics and items like ejector seats that interested them.

Later this month another group is expected from the Chinese Mechanical Engineering Society to look at high tension electrical equipment, including cables and insulating materials. The Chinese make cables of their own, so presumably they want to come to see how others do it. This is not always popular with British manufacturers; indeed a proposed visit by a different group was cancelled because a leading company, afraid of eventual competition, did not wish to be involved.

## Obscure

Sometimes the motive for the visit of a Chinese delegation is obscure. An aluminium process study group came recently from the Chinese Metal Society which looked at all kinds of treatment for the metal such as extrusion and casting. They also examined wire, cable and foil production, as well as end products like aircraft parts. But their own industry is in its infancy, and although they are believed to have quite large resources, they are of low quality.

Two other visits are expected to be more fertile. One is that due from the China Coal Society to look at hydraulic components for mining machinery. The mining equipment sector has been a bright one for the more frequently than British; about \$40m. worth has been sold in the past 2½ years, among the economic bureau

The Chinese like dealing old friends and this trade become well-established. Delegation of mines in the earth may also mean activity in sphere.

However, none of these visits is likely to generate a rise in Sino-British trade, they do point to some where the Chinese are at for development—the oil, coal industries, metallurgy, electrical equipment and aircraft. From background ledge of the Chinese economy one could add the road transport systems, telecommunications (though that is an awkward one because of the str embargo) and the steel etc.

This last one the C.I. are finding a particularly nut to crack on their own. steel production, according to reliable sources on Hong Kong the second year running in failed to equal the 1973 record. Poor quality coal and iron ore are at the root of the problem. Some imaginative groups in this area by British suppliers might pay off handsomely in long run. Although it is Germans and Japanese yes-on-off negotiations to land contracts for steel mills, and the total for the deal well over \$425m.

Although the political situation in Peking may at present rather cool to foreign technology, the fact that the delegation is currently coming and going more frequently than in the past 2½ years, among the economic bureau

## U.K. air cargo traffic

BY LORNE SARLING

THE AVERAGE growth in the volume of exports carried by air over the past four months has been 1.8 per cent a month, with the Far East outstripping other markets, according to a new air cargo survey.

During the period the average monthly increase to the Far East was 7.8 per cent, while the figure for the oil producing countries of the Middle East and Nigeria was 7.4 per cent.

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Although air cargo volume is a sensitive indicator of exports in some respects, such as for high

## Dutch importers take textile issue to court

BY MICHAEL VAN OS

AMSTERDAM, Oct. 11.

A DUTCH association of clothing importers has agreed on a "test case" for court action before the end of this week against the Dutch Economics Ministry over the latter's recent decision to stop issuing import licences governing a variety of clothing imports from Hong Kong.

An Economics Ministry spokesman in The Hague confirmed that the Ministry would have a meeting with representatives of the importers this week. But he added that the registrations had shown that imports from Hong Kong had already reached the maximum import level for the full year at the start of this month—the quantities are laid down in the textile agreement between the EEC and Hong Kong.

In Amsterdam one of the members of the importers' organisation, Macao Knitwear Benelux, said today that the "test case" involving a consignment of pull-overs from Hong Kong, would be bought by one member of the association, but be financed by some 12 importers of clothing from the area. Macao said that registrations carried out by the involved official party in Hong Kong show that the quota for Holland, as part of the Benelux sub-agreement, has not yet been reached. The company's director, Mr. D. Speelman, added that the recent import move could cost the importers some \$150m. (\$7m.) as the clothing products involved had already been

ordered and paid commitments made.

Mr. Speelman said that this may have been a case of differing counting procedures by the local officials in the Dutch ports, since the Hong Kong authorities could prove that no additional quantities had been shipped in. However, what transpires, the Macao director added, is that the Hong Kong products covered by German and British export licences have also been accepted in Holland by the Economics Ministry's central import and export service.

He added that the various EEC quotas were a negotiable product in Hong Kong and those for other partner countries may be cheaper at times, depending on supply/demand. Mr. Speelman added that part of his own shipments, governed by U.K. export licences from Hong Kong, have been sold off to the U.K. market at a loss.

The Dutch Clothing Importers Association, which has called in the assistance of an opposition MP, has also charged that the import move smacked of certain political motivation, pointing at official trade union statements since that the moves to keep out cheap imports would aid the Dutch employment situation. Macao stressed, however, that unlike the U.K. and Germany, Holland did not have any significant ready-made clothing industry that needed protecting.

## Israeli nuclear projects

CONSTRUCTION of two nuclear power stations in Israel (and not one, as originally planned) moved one step nearer realisation yesterday when the Israeli cabinet backed the Minister of Commerce and Industry, in a proposal to authorise the Israel Electric Corporation to enter into commercial agreements with foreign companies for the acquisition of plant to make other parts for Daniel reports from Jerusalem.

Three companies have so far bid following the invitation to tender issued by the Gov-

ernment — Westinghouse, General Electric and Babcock and Wilcox.

The first station, with a capacity of 900 MW, is to cost \$700m. at current prices and is to be located on the Mediterranean halfway between Ashdod and Ashkelon. It is also reported that Babcock and Wilcox have in recent days raised a proposal with the Government here for the construction in Israel of a plant for the production of nuclear fuel assemblies. This would copy a similar plant built by the company in the U.S. and would cost about \$60m.

Not only will this result in a substantial saving for the Israeli economy, but a Babcock and Wilcox executive, now here, also saw export possibilities for Israeli-made nuclear fuel assemblies once the local need has been met. A second plant to make other parts for the nuclear reactors should also prove feasible and make Israel more independent in the field of producing nuclear electric energy, he said.

Rank Xerox in Yugoslav talks

Rank Xerox is investigating the possibility of producing under licence in Yugoslavia paper for its copying machines, our Belgrade correspondent reports. Preliminary contacts with Yugoslav paper mills have been established and further negotiations will take place shortly. It is not excluded that the co-operation could take the form of a joint venture.

Canada curbs textiles

The Canadian Government has imposed a limit of 4,575,000 lbs on imports of double-knit fabrics for a six-month period. Trade Minister Mr. Jean Chretien said the move is an interim action following recommendations of the Textile and Clothing Board, an advisory body to the Federal Government which found in an inquiry that double-knit fabrics were being imported at prices and quantities that would harm domestic producers.

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# Thirteen versus the environmental planning machine

BY MICHAEL CASSELL

PEOPLE of Rutland Street, Sunderland, are about to lose their homes to the bulldozers of government housing schemes devised and decided by Ministers in London. They will be pulled down and replaced by a visual as the local council

the recent switch of from demolition to ration and improvement and a general desire the best of the houses already has, the 13 have to go. The cottages they leave and which have housed workers since the turn of the century will be pulled down and replaced by a visual as the local council

families, despairing of its future, have already the 13 remain. With tion, they wish to stay they are. Even a sat of the case by the hortory, prompted by the tion of the Department Environment, has been

about-controlled coun- it has an excellent case removal. The homes, it are unfit for human a and anything spent wing them would be a public money.

The council's plan also means that three homes which do meet all the necessary standards of fitness for habitation must also be demolished if the proposed landscaping is to have "an effective appearance."

The residents, some of whom are old and have spent many years in Rutland Street, have been told that the council will have no difficulty rehousing them and that they would be helped with the rent if they moved into council houses. For people like Mr. and Mrs. William Jones who have retired and own their own home, the prospect is intensely worrying.

The anger and frustration which they and others share is heightened by an awareness that many more houses all around them are to be saved and improved, but in some cases only after massive public protests had brought about cancellations of demolition orders. Like his neighbours, Mr. Terry Allen, whose house is fit but still threatened, believes that their cause has been lost because it is a small street with only a handful of homes and because the council does not like having to reverse too many decisions.

Rutland Street is part of a housing development typical of

many in Sunderland or for that matter throughout the Tyne and Wear region. It has some of the drabness always (though not always correctly) associated with the north-east, with it goes the well developed community spirit which breeds in the corner shops and back entrances and which is often missing from more attractive and modern housing estates elsewhere.

The street has been under a cloud since 1973 when the town planners began to take a look at the houses and would not be drawn on their "life expectancy." In November, 1974, on the recommendation of the director of public health, the houses on one side of the street were put under a compulsory purchase order and statutory notices appeared on doors and walls telling residents of their right to appeal. The homes had been classified as unfit; the only solution, the council said, was to clear them away.

Few of the residents have at any stage disputed that most of the homes involved are not in urgent need of repair and modernisation. But, like Mr. Robert Oakeshott, who bought his house shortly before it was condemned, they believe that the council's decision to demolish is wrong.

What is happening, they say,

is precisely what the Government is now anxious to stop, not just in the North-East, but throughout the country. Mr. Oakeshott comments: "In a place like Sunderland there is now very little private housing left at a price which ordinary working class families can afford. On the other hand, they can and do find the money to pay off mortgages on improved and modernised cottages. Indeed, the existence of these cottages is vital in enabling families of working people to take their first step in owner occupation."

## Public inquiry

"For the past two years the almost exclusively working-class electorate in this Sunderland ward has, against all local history, elected a Tory, and on each occasion the only significant neighbourhood issue has been the survival of what have come to be known as Sunderland cottages. Even so, the council and its officers have pushed blindly on."

The people of the street decided to object to the clearance proposals and a year ago a public inquiry was convened, where their case was put by a barrister. There was nothing fundamen-

tally wrong with the houses, he said, a view supported by a prominent local architect, and they were ideal for old people or young couples. The council should consider restoring them and not replacing them with trees and grass.

There was, the residents claimed, no overall plan for the Millfield area in which their houses stood and designation of the land as an open space was nothing more than an afterthought of the council's. As for the economic arguments, on which the local authority places most emphasis, the residents are convinced that renovation provides a much cheaper alternative than the provision of new housing and would give them the opportunity to stay where they are.

At the inquiry, the council's officers provided a figure of just over £4,000 per house for improvement and modernisation and accepted that this normally costs considerably less than redevelopment. They were not, however, convinced that the Rutland Street houses, once improved, would offer the same quality of accommodation as new homes and neither would they last as long. The public, in short, would not be getting value for money.

In response, the people of

Rutland Street suggested that to build new homes from scratch would cost at least £12,000 each—the tender figure accepted for recent housing developments in the area and which was not challenged by the local authority.

But all was to no avail. The residents were not surprised when the report of the Department of the Environment, released in January, upheld the council's decision. The inspector said he felt the cost of improvement would be "extremely high," that the accommodation was cramped, and that he did not consider that the cottages had any aesthetic merit.

But despite the inspector's findings, the residents continued

their fight and wrote to the DoE claiming that the existence of housing action areas in the vicinity provided good reason for their street to be given similar status.

In response, the Department contacted Sunderland Council and asked if it wished to add anything to its earlier case. The reply from the authority's housing estates committee was that there had been no relevant change in the condition of the property and that no evidence likely to alter their original decision had come forward. The Department let the inspector's report stand.

The question what exactly they are falling victims to a constitutes "value for money" lies at the centre of many similar inquiries and the DoE is concerned that such a potentially decisive area is largely wide open to individual interpretation and lacking in firm guidelines.

## Humane attitude

Whether improvement should take place and to what extent—bearing in mind the life of the property and housing market trends—is a subject clouded by many different economic theories and the DoE is preparing some authoritative advice on the best way to conduct such appraisals. These will be available not only to the town planners but to the general public probably by the end of the year.

The DoE also wants to ensure that, even when the economic argument falls in favour of the local authority, the council maintains a humane attitude in its dealings with residents affected by their plans. It is only too well aware that the style of local housing management can easily become excessively bureaucratic—a criticism which would certainly be thrown back at its own doors—and through its housing services advisory unit the department is trying to educate authorities in

the best practices. As for Rutland Street, residents were told a few days ago that they had six weeks to appeal to a judge in chambers before the compulsory purchase orders became absolute. The only hope left is for a last minute change of heart in the full council which could ask the Minister to set aside the inspector's report. The residents are aware that such a reversal has been achieved before in neighbouring Newcastle. While far from optimistic, they still believe there is a slim chance of success.

The residents believe that they are falling victims to a bureaucratic machine which cannot be put into reverse. They feel that there is a strong element of the local authority telling them what is best for them. No one could be tempted to describe the houses in question as pretty or, in the majority of cases, well maintained. Three years of planning blight is partially responsible for their sorry state, as the neatly-painted homes across the street can testify, but some expensive modernisation is necessary. The houses do need inside lavatories, new chimneys and repaired roofs—the sort of thing, the residents say, which are being provided elsewhere.

The council's case rests almost entirely on long-term economics, although the residents, having sought and obtained professional advice, do not believe that the town hall has made its case even on those grounds. Renovation, they say, is economically correct and socially sound. They treat with under-standable cynicism the official line that demolition should be only the last resort. They say that if the DoE is sufficiently concerned about their case to ask the council to think again, it should not let the matter drop and through its housing services advisory unit the department is now in the face of local intransigence.



Rutland Street residents: they want to stay in their street.

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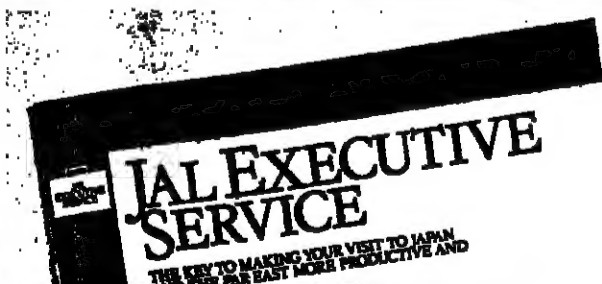
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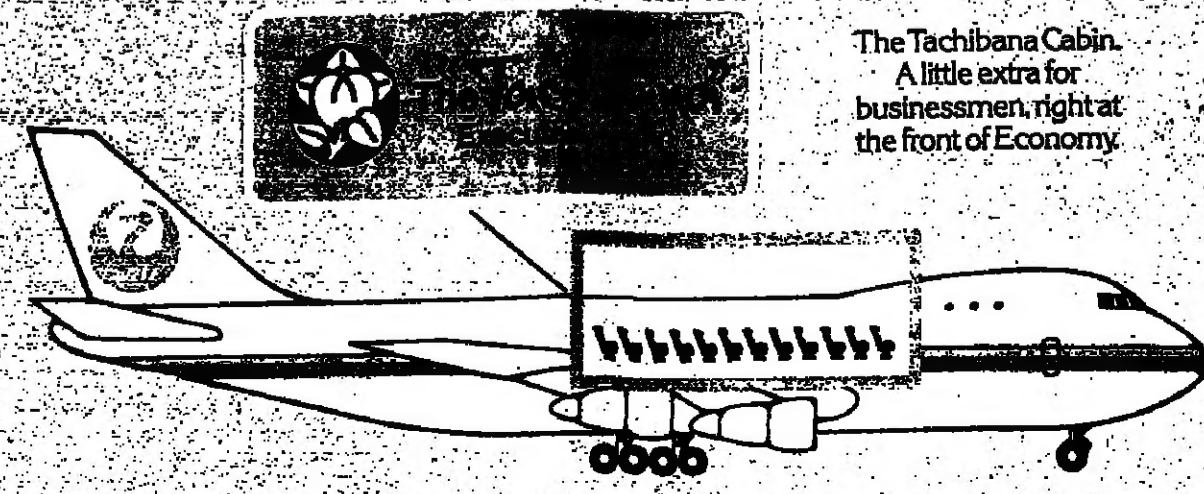
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## HOME NEWS

### GOVERNMENT WARNING AFTER BOY'S DEATH

# Light bulb safety checks

BY MAX WILKINSON, INDUSTRIAL STAFF

RIGOROUS SAFETY checks have been ordered through the British lighting industry following a Government warning that some domestic light bulbs are potentially dangerous.

The warning was issued by the Department of Prices and Consumer Protection yesterday after the death of a two-year-old boy last week.

The boy was electrocuted by touching the metal cap of a Sceptre bulb imported from East Europe. The cap had become live because a wire protruding from the solder at the bottom of the bulb bent over and touched the outside metal.

Spot checks by the department have now shown the same fault can be found on almost every make of bulb, including those made in Britain.

Protruding wires have been reported on bulbs made by Osram, TidyLight, the Czechoslovakian brand name, Tesla and on Boots and British Home Stores branded bulbs.

A check on 200 Tesla bulbs in a Google warehouse uncovered three which were faulty. Checks on another consignment from East Europe showed a rate of about one in 1,000 which were faulty.

The department emphasised, however, that these examples can not be taken as a reliable indication of the general rate of faulty lamps.

The risk from protruding wires has been recognised in the industry for nearly half a century, and most British manufacturers incorporate a series of mechanical electrical and visual safety checks in the production line.

Mr. Patrick Sansom, managing director of Osram (GB) Ltd., said: "We spend about £750,000 a year on quality control, which is more than we spend on the whole of our marketing and advertising."

"We hoped that no faulty bulbs were getting through, but

out of a total production of 20m. a year, it is obviously possible that some will not be noticed. We have now been told of three faulty bulbs, and our attitude is that that is three too many."

At Osram, a proportion of workers have been taken off the production line to undertake additional checking, and for the time being at least considerable extra costs will result.

More Home News, Pages 16, 23

"We have not even estimated the additional cost yet, we are just concerned to make the bulbs safe," Mr. Sansom said. He did not, however, envisage that the extra cost of quality control would be large enough to be reflected in pricing.

So far the industry is unable to estimate the proportion of faulty bulbs which escape detection. Those which are actually dan-

gerous are eliminated by a series of checks. The danger from bulbs with a protruding wire which is not touching the metal cap, so after

## Warning

The Lighting Industry Association points out, however, that only one fatality has ever been reported from the 300m. produced in Britain each year. However, the association admitted: "In spite of the stringent tests, some British manufacturers, the bulb may be defective and the user."

For the past few years, the association has been urging manufacturers to install a bulb which is of the origin or brand, the user check its base.

"Should a lamp be produced from the supplier's bulb should be returned to the supplier for replacement."

## New issue to aid savings movement

By Christopher Hill

A NEW ISSUE of National Savings Certificates will be launched in the middle of December.

The announcement by the Chancellor yesterday was part of a package of improvements to the National Savings Movement. These are intended to make a "useful contribution" to financing the public sector borrowing requirement and enable the small saver to share in the benefit from the recent general rise in interest rates, he stated.

Following the two-point rise in MLR last week, and the subsequent increase in the rates to investors in the banks and building societies, National Savings products were looking relatively unattractive.

In December the 14th issue of National Savings Certificates will be replaced by a 16th issue. Each certificate will have a value of £5, compared with £1 for the 14th issue and the minimum individual holding is being raised from £1,000 to £1,500. The £5 will rise to £7 during the four-year life of the certificate, giving an overall interest rate of 7.5 per cent, a year tax-free, which grows up to 12.74 per cent for the basic rate taxpayer. The comparable rates for the 14th issue were 7.5 and 11.09 per cent, respectively. This puts the rates slightly ahead of the 15 per cent gross which built-in society investment accounts effectively yield. There will be a limited sale period lasting only until the end of March.

Other changes are that the rates on National Savings Bank accounts will be increased from January 1 next year, the rate on ordinary accounts rising from 4 to 5 per cent, and on investment accounts from 9 to 10 per cent. The Chancellor also said that in next year's Finance Bill he would increase the amount of tax-free interest on National Savings Bank ordinary accounts and Trustee Savings Bank ordinary departments from the first £40 to the first £50.

## Study will look at 1,500 nursery groups

THE National Foundation for Educational Research is to carry out a project to assess the value of parent involvement in primary and nursery schools.

The independent, but Government-financed, research body will examine 1,500 schools or nursery classes with case studies of selected schools afterwards.

## London, Paris stake claim to European trade mark office

BY A. H. HERMANN

BRITISH HOPES that the European Trade Mark Office would be situated in London might be frustrated by a French claim that it should be in Paris or elsewhere in France.

The disappointment would be all the greater because Britain has had to concede the European Patent Office to Munich, where it is now expected to open towards the end of next year.

The French were apparently taking the view that the important area of property rights, including patents and trade marks, should not become dominated by a combination of British and German interests to the exclusion of France.

## No protection

A recent memorandum from the EEC Commission proposed a Community trade mark and a Community trade mark law. The former would be created by a regulation of the EEC Council to avoid the difficulties resulting from two parallel conventions, one establishing a European patent and the other a Community patent.

In recent years the development of EEC trade mark law has been entirely in the hands of the European Court, which in a series of judgments ruled that national courts must not protect trade mark owners against imports of identically branded goods as long as the two competing trade marks are either held by economically linked enterprises or, even if held by unconnected owners, are of common origin.

For some time it seemed that the European Court intended to protect even against the identical foreign trade marks which are not of common origin, adopted.

but the latest judgments this summer indicate that this is not the intention at present.

However, the Commission's proposals were eagerly awaited by the trade mark community in the hope that they could put an end to the present insecurity created by ad hoc rulings which can be reversed by the European Court at any time.

The EEC memorandum does not seem to meet these hopes. At a conference in London of the Institute of Trade Mark Agents and European Study Conferences last week, neither British nor German members of the working party which drafted the Commission's proposals could explain how the proposed regulation would resolve conflicts between identical or similar national trade marks proposed for European registration.

The search procedure of the proposed European Trade Mark Office is bound to bring to light many more such conflicts. Yet the operation of the Conciliation Board, on which the success of the new system will depend, is shrouded in darkness.

The conference was told, by Prof. F. E. Seiler, one of the German drafters of the proposal, only that the EEC Commission intends to issue later a block exemption laying down which agreements between parties to a conciliation procedure are compatible with EEC competition rules and which are not.

There are fears that the proposals are only a stay of execution of trade mark protection. In these circumstances, some experts draw consolation from the probability that it will take at least five years before the Commission proposals are adopted.

## Labour claim 'laughable'

BY ERIC SHORT

THE LABOUR PARTY'S claim that extension of public ownership to the insurance industry would facilitate a significant improvement in service to policyholders than in the U.K. customers, was no more than a laughable, Mr. C. M. O'Brien, as representing a major loss of freedom.

It was clear from the evidence that the possibility of policyholders gaining from nationalisation was remote. It was both important and proper that the financial sense there could only be an improvement if Government control of investment proved to give a better yield in the long run than the present varied and competitive performance of individual companies.

State investment could not fail to be more inefficient and ineffective than the workings of the market place, however imperfect the system might be. He referred to the evidence from other countries where State control resulted in a lower return to policyholders than in the U.K. and attacked the Labour proposal as representing a major loss of freedom.

The best check on the ambitions of able and ruthless men in the pursuit of their commercial ambitions was the integrity of the professional men. The most ruthless and cynical of commercial operators could not get very far if professional men would not serve them. Despite occasional failing this was the general situation in Britain.

## Central Government borrowing at £3.85bn. in six months

BY MICHAEL BLANDEN

CENTRAL GOVERNMENT'S borrowing has been running well within this year's Budget estimates during the first six months of the financial year.

From April to September, the central Government borrowing requirement was £3.85bn., down from £4.65bn. in the same period last year. It is expected that the figure will rise during the remaining months of the year, and the September total shows a further substantial increase compared with earlier months.

Nevertheless, the figures suggest that the outturn for this year might be less than the £10.43bn. total forecast at the time of the Budget, particularly if a higher level of inflation than expected helps to increase tax revenues.

Central Government borrowing excludes certain direct local authority and nationalised industry borrowing which affects the overall total of public sector borrowing requirement. But the latest figures indicate that the trend is within the revised forecast of an £11.5bn. public sector borrowing requirement

CONSOLIDATED FUND AND NATIONAL LOANS FUND					
	April 1-Sept. 30 1977	1976	Change	%	Budget forecast %
Consolidated fund	£m.	£m.	£m.		
Revenue	13,283	15,271	-1,988	-14.97	-12.85
Expenditure	16,892	16,768	+1,124	+11.22	+10.73
Deficit	-3,610	-1,497	-2,113	-25.8	-1.33
Other M.F. transactions					
Receipts	1,631	2,112	-481	-22.79	+37.14
Payments	3,117	3,051	+66	+2.12	+41.87
Net borrowing	-5,096	-4,436	-660	-14.84	+14.94
Other accounts	447	608	-161	-24.62	-40.66
Central Government borrowing req.	-4,649	-3,828	-821	-21.23	+14.28

produced by the Chancellor in July.

For September, the central Government borrowing requirement was \$900m., up from the £670m. recorded in August, but lower than the £1bn. in September last year.

The Government's revenue and expenditure are running at clear from the figures. These show an increase of 11 per cent in revenue compared with the same month of 1977, while consolidated fund expenditure was up by 4 per cent over the same period.

## Tootal capacity to be doubled

TOOTAL, the Manchester International Textiles Group, is to spend £1m. on new machinery to double capacity for core industrial sewing, at Mill, Belper, Derbyshire.

The investment for the group will receive a small amount of financial assistance under Government's recently accelerated projects scheme which enables the mill to increase sales to the group's D. Valley thread mill.

When completed towards the end of next year, the mill will lift output to 800,000 a year and create an extra 70 jobs. The Belper works has been operating at full capacity since 1974 on a three shift, 12-hour basis. It is one of the world's largest industrial sewing thread-cloth manufacturing, tarpaulins, and other industrial fabrications.

The core thread, known as Tootal, is a 60/2 polyester, giving the thread desirable sewing characteristics of cotton and the strength of man-made fibre.

Much of the new output is expected to be sold to Tootal already has plants in facturing conventional poly and cotton sewing threads in a number of countries.

## Sluggish recovery

THE rate of recovery in the U.K. textile industry, after the severe recession of the past two years, is described as disappointing in the latest review of the Textiles Statistics Bureau.

The bureau points out that man-made fibres are expected to be sold at a price 2 per cent below the level in the second quarter of 1974.

A more favourable, however, emerges from the weight of cotton, wool and man-made fibre moving in industry in the second quarter of 1974, a 5 per cent increase on a year earlier, but still down 10 per cent on the second quarter of 1974.

Employment also rose in the second quarter, at 1.5 per cent, but is still lower than in the first quarter of 1974.

## Consumers' cuts

The depressed level of activity is blamed on sl retail sales of clothing and textile products and on large volumes of imports. Consumers' expenditure on clothing in the second quarter was estimated to have been 40 per cent down on the pre-war level and also lower in the same period of 1975.

Clothing manufacturers reported to have been cutting purchases from the textile industry and the take-off in existing orders is said to have been slower than expected.

Despite a big improvement in Britain's textile clothing trade balance has deteriorated further. Export textiles as a whole, including man-made staple and wool, were up 28 per cent in the second quarter compared with a year earlier, but imports up 36 per cent. The surplus exports over imports fell from £36m. to £28m.

In value terms, exports of clothing in the second quarter were up 50 per cent on 1973, but imports were up 33 per cent, with the result that the adverse balance widened from £71.57m. to £179m.

## New furnace dispels red dust cloud

RED DUST which caused a dust cloud and property in steelworks ceased to fall on a day when a new furnace was switched on.

For months people living in British Steel's Shelton Works, near Stoke-on-Trent, have had their gardens, roofs and covered with red dust when the plant's three furnaces were used.





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"The Halifax is the biggest Building Society in the world, but constructing our new headquarters presented problems. Laing in partnership with our architects did a superb job to an intricate and demanding brief." Gordon Sykes, General Manager, Halifax Building Society.

The Halifax project was awarded to Laing on a competitive tender basis.

As soon as the contract had been awarded and throughout the building process, Laing, the designers (Building Design Partnership) and the client got together to study the ongoing problems involved in a building that had to accommodate not only staff and services but a huge mechanised filing system. And all on a diamond shaped site.

Laing believe in stage-by-stage consultation between all the people involved in a project. It is one of the ways in which Laing provide a unique world-wide service and the key reason why we were able to build the headquarters to the complete satisfaction of the world's biggest Building Society.

If you'd like to know more about us and what we could do for you, please write to Gordon Ratcliffe, John Laing & Son Limited, 14 Regent Street, London SW1Y 4PJ. Or phone him on 01-930 7271. Telex: 913751. He'll be able to answer your questions and give you information on our UK and international construction and engineering capabilities.

## LAING

BUILDING TOMORROW, TODAY







The Financial Times, Tuesday, October 12, 1976

# Value of debate sinks in brisk trading

PHILIP RAWSTORNE

IN THE COMMONS yesterday, the Government's attempt to pass the Bill to nationalise the aircraft and shipbuilding industries was fully matched by a determined and lively opposition.

Denis Healey's speech was fully matched by Geoffrey Howe's impassioned defence of the Government's policy.

The debate, which lasted for nearly three hours, was a rare occasion when the Government's policy was fully matched by a determined and lively opposition.

Chancellor of the Exchequer, Mr. Denis Healey, said that the Government's policy was fully matched by a determined and lively opposition.

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## Incentives offered to service industries

By Donald Maclean

INCREASED FINANCIAL incentives for service industries to set up in assisted areas were announced yesterday by Mr. Alan Williams, Minister for Industry.

The incentives are: 1.—An increase from \$800 to \$1,500 in the fixed grant for each employer moving with his work, up to a total of half the jobs created in the areas.

2.—A grant of £1,000 in development areas and £1,500 in special development areas for each job created.

3.—Rent relief grants for office premises of up to three years in intermediate areas, five years in development areas and seven years in special development areas together with equivalent grants which "may be given" where premises are purchased or built by employers.

Eligible projects may also qualify for loans at concessionary rates of interest or for interest relief grants towards capital expenditure other than on accommodation.

Mr. Williams said that the Government was committed to the policy of encouraging the growth of service industries in assisted areas.

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## Dubai: October 12

American Express Bank is pleased to announce the opening, today, of a new branch in Dubai, United Arab Emirates.

Dubai joins our established branches in Cairo and Bahrain and our affiliates, American Express Middle East Development Company, S.A.L. (Amédco) and Egyptian American Bank (49% owned). In providing commercial and merchant banking services in the Middle East.

American Express International Banking Corporation  
Sheikh Rashid Building, Al-Maktoum Road  
P.O. Box No. 3304, Deira, Dubai, UAE  
Tel. 23236 Telex: 6245 AMEXBK DB Cable: AMEXBANK  
Gianfranco Gaffarelli, Assistant Vice President

- Loans in all currencies, including UAE dirhams
- Term lending and project finance
- International trade and working capital finance
- Foreign exchange in all trading currencies, including those of the Gulf region
- Deposits accepted in all non-dirham currencies
- Business advisory services for information on local regulations, customs and licensing requirements

COMMERCIAL BANKING BRANCHES AND SUBSIDIARIES: Amsterdam, Antibes, Athens, Bahrain, Basle, Bombay, Bonn/Bad Godesberg, Brussels, Cairo, Calcutta, Cannes, Chittagong, Cologne, Copenhagen, Dacca, Dubai, Duesseldorf, Florence, Frankfurt, Geneva, Grand Cayman, Hamburg, Heidelberg, Hong Kong, Jakarta, Jakarta Kota, Karachi, Kowloon, Lahore, Lausanne, London, Mestre, Milan, Monte Carlo, Munich, Naples, New Delhi, Nice, Okinawa, Paris, Piraeus, Rome, Salonica, Singapore, Taipei, Tokyo, Venice, Vienna, Zurich.

REPRESENTATIVES: Birmingham, Edinburgh, Manchester, Manila, Sydney.

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American Express International Banking Corporation  
UK headquarters: 52 Cannon Street, London EC4P 4EY, Phone: 01.236.7488  
Roger Wallis, Manager Corporate Banking Department

## Tory peers draw back from total opposition to aircraft takeover

JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

PEERS, with much regret, have withdrawn from the opposition to the Bill to nationalise the aircraft and shipbuilding industries.

The Bill, which was introduced by the Government yesterday, was opposed by a number of Tory peers.

But opposition units down yesterday over a pro-Liberal amendment to the Bill.

The amendment would have allowed the Government to take over the aircraft and shipbuilding industries.

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Liberals, moving his party's amendment, argued that the Government included five different industries in the nationalisation measure.

Ministers should be prepared to justify their case in regard to each one of them, Lord Simon said. But he had not found the argument offered on the aircraft industry convincing when the Government presented the Bill on second reading.

Instead of nationalisation there should be a merger of a consortium of the main companies, he suggested. There was no reason to think that companies would not do what the Government required.

"I can think of nothing that would do more to unite the nation behind the Prime Minister and the Chancellor of the Exchequer in a brave attack on inflation and unemployment than that they were prepared in spite of the predictions, at this moment of crisis to put first things first," said the Liberal spokesman.

Lord Carr agreed that the Government had not produced substantial arguments for nationalising the aircraft industry. But as

realistic politicians, members of the House of Lords had to provide for the possibility that at the end of the Parliamentary process — with the Government probably able to command a majority in the Commons — this industry might find itself nationalised.

If that happened, it was of great importance for the Lords to give the proper examination to all the clauses, sub-clauses and schedules of the Bill dealing with the aircraft industry.

"If we pass this amendment now, we would remove them from the Bill and never give detailed consideration to the clauses," Lord Carr said.

He suggested instead that the Liberals should support a Tory amendment which would delay bringing the Bill into force until the next Parliament.

"This would be a more responsible move," said Lord Carr. "It would be more in tune with the status of the House of Lords as a revising and delaying chamber, rather than a chamber which rejects major Government measures. That would give an opportunity for further reflection and another verdict by the electorate."

The Earl of Kimberley, from the Liberal bench, said: "The only way Britain can get out of insolvency is to live within her means, and the only way to do that is to cut public expenditure by dropping most of the controversial legislation with which we are beset."

He said that BAC and Hawker Siddeley should restructure their companies without being nationalised and he called for the development of Concorde, maintaining that this would retain the 4,000 jobs BAC feared must be lost.

"The money for all this would be considerably less than compensation from nationalising the industry," Lord Kimberley said. Lord Melchett, front bench spokesman for the Government, explaining his proposals emphasised that great efforts would be made to avoid an over-centralised bureaucratic set up for the nationalised industry.

Dealing with main criticisms against the Bill, Lord Melchett assured peers that decisions measured as closely as possible to the point of production: "Men running the industry now will still run it."

# A LITTLE COMPETITION FOR BRITISH INDUSTRY.

OVER £50 MILLION IN CASH TO BE AWARDED THIS YEAR.

- |   |  |   |  |
|---|--|---|--|
| The Republic of Ireland is predominantly an agricultural country. | True <input type="checkbox"/> False <input type="checkbox"/> | 2. Its manufacturing capacity is small in keeping with Ireland's insignificant domestic market. | True <input type="checkbox"/> False <input type="checkbox"/> |
| Ireland has the lowest industrial growth-rate in the EEC.         | True <input type="checkbox"/> False <input type="checkbox"/> | 4. Ireland's sole natural resource is grass.  | True <input type="checkbox"/> False <input type="checkbox"/> |

We'll give you a hint: All the statements are false. Don't blame yourself if you scored zero. Fifteen years ago your answers would have earned you full marks.

Meanwhile, industry has ousted agriculture as the Republic's mainstay of jobs and income. Over half our industrial output is in high-technology objects for export. Our industrial expansion has consistently led EEC averages since we joined the Community. And, incidentally, our exports are still growing at a 25% rate, despite the slump in world trade. We're sitting on one of the world's biggest zinc deposits: we are now developing our first off-shore gasfield. Our government would like you to regard the Republic as an integral part of your company's future. British companies are invited to share in our government's £50 million annual fund for industrial expansion which includes generous non-repayable cash grants. You will also enjoy tax-free profits until 1990.

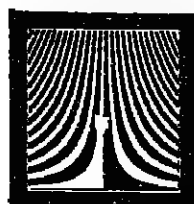
Already over 600 overseas companies have taken up this offer to manufacture in Ireland for export. Over 200 of them are British. Of course, you can decide to ignore all this. In which case, just hope your competitors will be likewise.

**REPUBLIC OF IRELAND.** The Irish government's generous scheme of financial incentives and concessions is administered by the Industrial Development Authority. The Authority's director in the U.K. is Hugh Alston, 28 Bruton Street, London W1X 7DB. Telephone: (01) 499 6155.

Our overseas offices in Paris, Cologne, Brussels, Copenhagen, New York, Chicago, Los Angeles, Houston, Toronto, Sydney and Tokyo.







# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ● METALWORKING

### Alloys form tough skins

COMMERCIAL QUANTITY production of a new family of corrosion-resistant alloy steels with many potential applications—particularly as catalyst supports—has started in Britain.

Ferrous alloys are being produced in Sheffield by Resistalloy, a company set up specifically to develop and market them under licence to AERE Harwell, where a great deal of advance development was done.

A family of stainless steels containing chromium, aluminium and small amounts of the rare earth yttrium, its members are resistant to corrosion at high temperatures because, on heating, a protective and extremely tenacious skin of alumina forms on their surfaces.

Conceived for use in reactors, the materials were further investigated to the stage where Harwell was producing melts on a laboratory scale and making various shapes, including thin strip.

#### World market

The licence to Resistalloy allows the latter to make and market the materials world-wide. Meanwhile, Johnson Matthey has a licence to use the steels in the manufacture of catalytic equipment for the treatment of car exhaust gases to minimise pollution. Matthey Bishop of Pennsylvania, a wholly owned subsidiary, will exploit catalytic applications in the U.S. A great deal of testing in catalytic

systems has already been carried out, by Harwell engineers and by Johnson Matthey and Ricardo and Co., Engineers.

Further information from Resistalloy at Woodside Works, Rutland Road, Sheffield S3 9FN, 0742 731851.

Pursuing research and development along a totally different track, Berlin, in collaboration with Usinor, has successfully completed the study and testing of a new tempering process.

This permits users to manufacture, economically, thick sheet of high carbon steel which has the mechanical characteristics of high quality alloy steel.

The company has not disclosed anything further about this process other than that it is carried out very fast.

Usinor is undertaking the construction of the first industrial prototype plant for the production of this tempered sheet and it is expected to come into production in 1978. Berlin is offering licences on this patented process, meanwhile.

Berlin and Cie, BP No. 3, 78370 Plaisir, France.

## ● RESEARCH

### Light beams switched in a flash

SWITCHING speeds for optical deflection of light beams, including laser light, as low as 1 milli-second (switch and return) within an angle of up to 40 degrees are possible with a liquid crystal—electrically switched optical "prism" developed at Royal Radar.

Performance is considerably better than other types of switch, either in the degree of deflection possible, or because the unit is completely non-mechanical, which gives it considerable superiority over the otherwise cheap spinning mirror.

The device is a cell containing liquid crystals—and from 1 mm thick to 1 cm wide. The orientation of the molecules of the liquid crystals can be altered electrically so as to change the refractive index of the cell and "bend" the light beam away from the path it would have taken in the absence of an electric field.

A number of problems exist with the device, like the fact that maximum deflection in the

cell is associated with turbulence produced in the crystals by the field. However, this is relatively simple to overcome and the device has been suggested as a remote-control unit for a torch to be used in hazardous environments, an optical horizon for instrumentation, an optical waveguide switch and a computer storage device switch, among others.

Developers have already constructed a demonstration unit capable of switching a laser beam in two dimensions, permitting X-Y addressing of, for instance, information stored on film.

Further from Electrical Engineering and Electronics Group, NRDC, Kingsgate House, 100, Victoria Street, London SW1E 6SL, 01-833 2400.

## ● VENTILATION

### Treatment for air in modules

A RANGE of equipment for every aspect of air treatment, from simple ventilation to full air conditioning, is available with the ABC system introduced by Babco Ventilation, Beaumont Road, Banbury, Oxon, OX16 7TB (0295 87461), a subsidiary of A. B. Babco, Stockholm, Sweden.

Each component of the system is in a self-contained module (based on internationally accepted air filter sizes) and can be joined to form complete treatment units by a simple sliding clip. The component frames and housings are also constructed using slide fit corner pieces to clip the pillar and post together. Panels are insulated.

All pipework and services are clipped inside the frame, with side entry, so that units can stand flush on the floor, and be stacked if required.

There are nine capacities available, from 1000 to 50,000 cfm, and the system has 20 single function modules. These include three types of fan—forward and backward or forward curved impeller centrifugal—as well as a variety of filters and humidifiers.

Options include a controller on the humidifier stated to be capable of saving up to 80 per cent of water consumption, and thermal recovery sections.

## ● WELDING

### Boom takes away the fumes

INTEGRAL FUME extraction is a feature of the latest welding boom arm from Rockwell, Frimley Road, Camberley, Surrey GU15 2QF (0276 65300), a GKN engineering company.

It is an improved version of the company's COMET boom for use with MIG/MAG welding sets and solid or flux-cored wires.

The new boom has a four metre reach and 360 degree operation over a 38-square-metre working area. Among its features are reduced weight and simple infinitely variable height adjustment.

## ● ELECTRONICS

### Preparation of boards

SUB-CONTRACT drill-programming, drilling and outline shaping service for printed circuit boards has been set up by Vero Precision Engineering, part of the group that makes Vero-board matrix circuit board.

The company's NC programmeable Europa range of drilling and routing machines will be used and boards up to 24 inches square, both conventional and plated-through-hole can be handled.

Useful for companies not able to handle these tasks themselves, the service includes, if required, a tape conversion facility for customers with NC tapes originating from other manufacturers. This will enable existing tapes to operate the Vero machinery without the need for costly re-programming.

The company can also offer a service in NC tape conversion, machining, injection moulding and clean room electronics assembly. More from South Hill Road, Regent's Park, Southampton, (0703 771061.)

## ● MATERIALS

### Moving into man-made fibres

THE ADDITION of facilities for producing melt-spun polypropylene fibre at the West German plant of Amoco Deutschland is an indication of further involvement by one of the world's major oil groups in the man-made fibre and textile industries.

Amoco Deutschland is an affiliate of Standard Oil Company, Indiana. There are similar affiliate operations in the U.K., Australia, Canada and the U.S., with activities in the man-made fibre and textile industries. But these have so far been best known for their supply of woven polypropylene tape fabrics for use as tufted carpet backing fabrics and, to a lesser extent, for packaging and associated industrial uses.

A year ago in the U.S. Amoco entered the melt spinning fibre business with polypropylene fibres destined to be used in their Action Bac secondary backing fabric for tufted carpets and, in the wider field, as carpet pile yarn. Now a comparable operation has been initiated at the European affiliate's Gronau plant.

The West German plant has been manufacturing polypropylene tape fabrics since 1971, occupying a purpose-built factory which was—after several extensions—houses 14 tape ex-

truded lines and more than 200 five metres wide Spinnweb weaving units.

Output is used to supply Amoco's major share of the EEC tufted carpet backing market (an Amoco plant located at Consett, Co. Durham, uses 100 Suizers to supply the U.K. industry; this operation is scheduled for further expansion as the economy improves), and for exports to other areas.

The additional melt-spun fibre producing facilities represent an investment of close to £1m. The full start-up capacity will be 5m lbs annually, but it is projected that this will increase to 25m over the next five years.

Initially, only polypropylene staple fibre will be produced, but it is understood that continuous filament-texturised versions will be added to the product range.

Simultaneously with the erection of the fibre extrusion plant, Amoco Deutschland has built extensive research and development facilities at Gronau, emphasising that the company is entering the fibre industry on an advanced technology basis.

Standard Oil, through its Amoco affiliate, appears to be the first major oil group to take the seemingly logical step into fibre production, capitalising on its access to the principal raw materials used in the making of synthetic fibres—crude oil.

Until recently, the only other major oil company to approach such a philosophy was another American oil company, Phillips Petroleum. This company now has interests in polypropylene and polyester fibre production, but these are confined to the U.S.

## ● INSTRUMENTS

### Finds the power cable

AN EQUIPMENT that will trace the plan position and estimate the depth of power cables, whether or not they are carrying current, has been put on the market by Electrolocators, 129, South Liberty Lane, Bristol BS2 3 SZ (0272 634383).

Plan accuracy of the GRP 404 is 5 to 10 per cent of the depth, while the depth itself can be estimated within 10 per cent of true depth under average conditions.

Operational principle is that of measuring the 90 Hz field strength at two points on a vertical line above the cable, using a pair of aerials; observation of overall maximum strength allows the tracing, while the ratio of the signals from the two aerials gives depth.

Optional extras are available for phase identity checking and for dealing with down or non-radiating (shielded) cables. In the latter case a toroid can be supplied for signal injection without having to isolate the cable for direct connection. If the cable has a shield it becomes energised and acts as a radiator.

The company claims that because the instrument employs highly directional and interference-rejecting aerials together with frequency selective integrated circuits, it can pick up a buried cable even if it lies directly under an overhead power line.

In cases where exceptional interference is experienced, say from a radio transmitter, an alternative high definition aerial can be supplied.

## ● HANDLING

### Mobile concrete pump

MADE IN Italy by Fiori, of Milan, a truck-mounted concrete pump is now available in the U.K. which, while it will handle sufficient quantities of concrete for most applications, is light enough to be driven without an HGV licence.

The Euro 25/AL the pump will handle up to 180 cubic metres (320 tons) of low slump concrete in an eight-hour day. This is about one quarter the capacity of the conventional pump but is said to be sufficient for 90 per cent of U.K. contractors. The Italian pump about half the price of the standard 80 cubic metre pump. Concrete may be pumped with the Euro 25/AL to a height of

25 metres, and horizontally for 80 metres. A hydraulic three-stage boom gives a reach of 12 metres and the boom will slew through 350 degrees. The pump has its own prime mover, instead of using power take-off from the vehicle. The pump has a short stroke balanced twin piston enabling it to handle difficult mixes, such as those with low water content, large aggregates or high air entrainment.

Marketing in the U.K. is by Uranazz (Importers and Exporters), 11, Market Place, Chalfont St. Peter, Bucks (Gerrards Cross BS744).

## ● COMPUTING

### Design aid for micros

KEYBOARD-controlled logic state analysers from Hewlett-Packard are dedicated to the design, analysis and simulation of 5080 or 6800 microprocessors. An HP-1611A is specialised to one type of system or the other by choice of an 8080 or 6800 "personality module". Others will be added to suit processors coming from different manufacturers.

When such instruments are connected to the circuitry (at the microprocessor's socket, and simultaneously to as many as eight other points if desired), system activity can be displayed directly in the alphanumeric mnemonics of the particular microprocessor's own instruction set.

Virtually any event, or set of related events—any desired sequence of system operations—

**Lovell**  
for construction  
01-9951313

can be frozen on the screen. 1611A also accurately measures true execution timing, or on selected events, as specified by the keyboard.

At a point defined by the instrument can halt microprocessor operations, then, desired, the 1611A can copy the transactions that follow, single or multiple keyed stop.

Trace is specified by entering the keyboard, determining conditions that must be met for a trigger to occur. Trace operation may simply be applied in the data stream of specified address.

The 1611A is itself a microprocessor-controlled instrument operated from a keyboard. A microprocessor used is the Intel Power supply, CRT, change generators, keyboard, and a troller are included in the frame. A major portion of the circuitry and all components are contained in a personal module. Exchange is approximately 15 minutes.

More on this design aid in the company on Wokingham 784 774.

### Programme not needed

BASED ON a new collection of mainly British-made peripheral equipment and the now established Multibus small system computer, Allied Business Systems has launched a system called "Impact" for accounting applications.

ABS—which has now sold Multibus systems world-wide (half in the U.K.)—has made the "Simple" high-level language developed by Harle Business Systems for the accounting package and is making it available for use in other systems.

With "Simple", the company says, the user can key in data and VDU to compile programs; only familiar business words are used and the user helped at each step by questions asked and statements made on the screen.

"Impact" however is also programmed (although the user is just as easy to provide time accounting facilities including automatic maintenance of book, cash book, stock records and sales, bought general ledgers. Associated paperwork is automatically done including invoices, statements and reports.

"Impact" consists of the n with 16,000 16-bit words of memory, a full size VDU with removable keyboard, a floppy disc drive and a printer all housed in a desk unit. Simply plugs into a 13A power point. Price is under £150. More on 01-498 8220.

All these securities have been sold. This announcement appears as a matter of record only.

#### New Issues

\$300,000,000

## ARCO Pipe Line Company

\$150,000,000 7½% Guaranteed Notes Due 1982

\$150,000,000 7¼% Guaranteed Notes Due 1986

Payment of Principal and Interest Unconditionally Guaranteed by



## Atlantic Richfield Company

Smith Barney, Harris Upham & Co.

Merrill Lynch, Pierce, Fenner & Smith

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The First Boston Corporation

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Salomon Brothers

Bache Halsey Stuart Inc.

Dillon, Read & Co. Inc.

Drexel Burnham & Co.

Hornblower & Weeks-Hemphill, Noyes

E. F. Hutton & Company Inc.

Kidder, Peabody & Co.

Kuhn, Loeb & Co.

Lehman Brothers

Loeb, Rhoades & Co.

Paine, Webber, Jackson & Curtis

Reynolds Securities Inc.

Warburg Paribas Becker Inc.

Wertheim & Co., Inc.

White, Weld & Co.

Dean Witter & Co.

ABD Securities Corporation

Basle Securities Corporation

EuroPartners Securities Corporation

Robert Flenning

Kleinwort, Benson

New Court Securities Corporation

SoGen-Swiss International Corporation

UBS-DB Corporation

Caisse des Dépôts et Consignations

Suez American Corporation.

Ultrafin International Corporation

October 12, 1976

## The only person who can tell a Lesser building from any other is your accountant



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# The Management Page

EDITED BY JOHN ELLIOTT

major turnaround in the fortunes of the former British European Airways has occurred despite poor economic conditions. Michael Donne reports

## Long-term strategy boosts profits

THE success of the U.K. for the strategy was laid during the late 1973, when steeply rising fuel costs and fuel shortages obliged the airline to cut its flying programme, and to persuade its shareholders to accept a long-term strategy. The airline's success in 1977-78, when it achieved a turnover of £30m, is now being used to fund the long-term strategy. The airline's success in 1977-78, when it achieved a turnover of £30m, is now being used to fund the long-term strategy.

quality—despite what some of its passengers may think. "We re-defined all our standards to be those the passenger wants from us," says Mr. Watts, "not what we think he should want or what we think we can achieve or get away with—so as to ensure that the quality of our operation improved continuously." The changes both in the air and on the ground range widely from bigger aircraft through to greater use of seat allocations throughout the network, reduced check-in times, and free drinks on board if an aircraft delay exceeds one hour.

### The customer

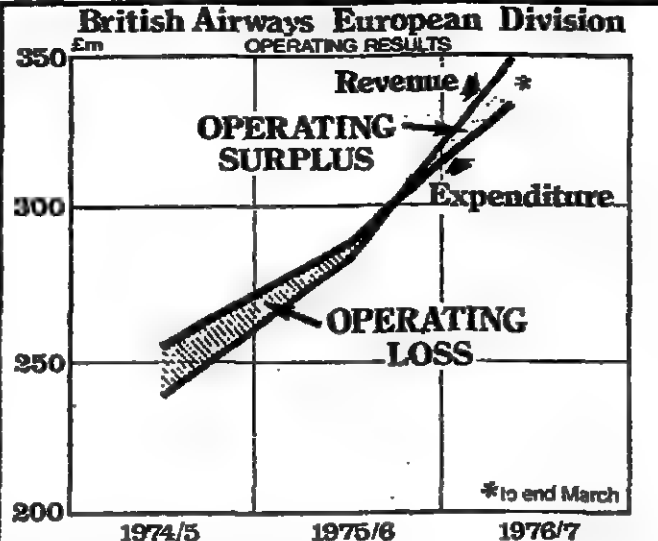
The strategy, he stresses, was built round the customer, with emphasis on efficiency in all areas, and the need for long-term financial stability. Thus, the airline's success in 1977-78, when it achieved a turnover of £30m, is now being used to fund the long-term strategy.

Another major element in the strategy has been to reduce the airline's dependence on the home market and the U.K. economy by increasing the sale of tickets to inbound passengers, and by shifting seats from low-priced seasonal holiday operations, dependent on the U.K. market, to areas generating higher-priced ticket sales year-round. As a result, the proportion of the airline's total revenue coming from the Continent, and especially from hard-currency countries, has increased from one-quarter in 1973-74 to one-third in 1977-78, and the aim is to increase this further, by concentrating on promoting European business and tourist travel to this country.

Mr. Watts is emphatic that the brief prepared for the airline was to be a profitable one, and that the airline's success in 1977-78, when it achieved a turnover of £30m, is now being used to fund the long-term strategy.



Mr. Roy Watts, chief executive European division British Airways.



annual route profit has improved these elements of the programme are being continuously refined, with the aim of improving the product—the airline seat—so as to improve our market share and competitive position, and to rationalise capacity so as to make the most efficient use of resources and maintain load factors.

## TRADE UNIONS AND PENSIONS

### Negotiators face up to complexities of power

BY ERIC SHORT

TRADE UNIONS are now beginning to realise the extent of the responsibilities of being heavily involved in the pensions field. Even more significant, trade union officials are appreciating the need for expert back-up facilities to enable them both to negotiate pension conditions and contributions in the collective bargaining processes and in participating in the running of pension schemes.

far the TUC has only provided very general pension advice, but now the unions want in-depth studies of their individual problems. It is lack of money that is stopping unions from setting up their own pension consultancy service on the lines of that organised by the General and Municipal Workers' Union, under Mr. Harry Lucas. Several delegates paid tribute to the work done by Mr. Lucas in the multi-union negotiations involving GMWU.

Responsibility Up to now the pensions industry has been worried about member participation being taken over by trade union officials and that the power could be exercised irresponsibly.

Investments Delegates also expressed concern at being involved in the investment field at all, an area which many regard with contempt, but they wanted the TUC to give guidance on a regular basis on general and specific investment matters.

Having diagnosed such problems, the delegates looked mainly to the TUC to provide the solutions. What they were demanding was free expert advice to be available from the TUC's headquarters on all aspects of pension work—in other words a TUC pensions consultancy service.

As a result of all these complexities some delegates seemed to be suggesting that they were finding it all too much and that they would be pressing the companies with which they dealt to stay in the State scheme so as not to have to bear the responsibilities themselves.

## How to cut recruitment costs

MANY COMPANIES could often existing staff could be promoted but too many companies start looking for new people before they have considered whether or not they already have someone who could do the job.

The book gives practical advice on drawing up job descriptions which the author says are an essential tool of the recruitment manager besides being the basis on which many company assessments are made such as salary reviews and performance appraisals.

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**Business courses**  
Industrial Tribunals: Presenting the case. A one day seminar on November 10 in Cardiff. Fee £35. Details from Wales International Management Centre, VAT. Details from ASM Ltd., 5, The Parade, St. Johns Hill, London, S.W.1.  
Managing Industrial Relations. A two-week course on October 24 to November 5 at the University of Bradford Management Centre. Fee: £350, excluding accommodation and evening meal. Details from Management Development Programmes, University of Bradford, Heston Mount, Keighley Road, Bradford BD9 4JU.  
How to do a better job. A one-day self-improvement refresher course for secretaries on November 2 at the Piccadilly Hotel, London. Fee: £30. Details from Drake Personnel, Berkeley Square House, 12, Berkeley Square, London W.1.  
Auditing Company Management Development Systems. A one-day seminar on November 3 at Brunel University. Fee £45. Details from Brunel University, Uxbridge, Middlesex.  
Doing business in Egypt: and How to do business in Saudi Arabia. Two consecutive information briefings on November 15-17 and 17-19 at Management Centre Europe, Brussels. Fee for each: EF20,500 for members, EF22,750 non-members. Details from Management Centre Europe, Avenue des Arts 4, B-1040 Brussels.  
Manpower Planning in Practice. A three-day non-residential course to be held at Whites Hotel, London, W.2, on December 14-16, organised jointly by the Institute of Personnel Management and the Manpower Society. Members fee £109.08, non-members £137.18. Details from the IPM, Central House, Upper Woburn Place, London, W.C.1. Telephone 01-387 2844.

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# COMPANY NEWS + COMMENT

## Glaxo surges to better than expected £74m.

MUCH BETTER than expected results are announced by Glaxo Holdings for the year ended June 30, 1976. Compared with market expectations of around £60m, the group pre-tax profit has moved sharply ahead to a record £74.4m, representing an increase of some £12.5m, of which £23.5m accrued in the second half.

At the attributable level the balance emerges at £54.67m, compared with £30.33m, giving earnings per 50p share of 41.1p (25.9p).

Group sales, excluding whole-

Group sales, excluding whole-selling, were £319.4m, or 29.8 per cent. higher than the corresponding figure last year. U.K. sales increased by 20 per cent. and sales in markets overseas by 35.5 per cent.

The dividend is raised by the maximum permitted—from 5.31p to 9.141p net, with a final of 5.991p.

See Lex

### HIGHLIGHTS

A surprising second-half burst in profits at Glaxo has taken earnings way above forecast. Lex also covers the Lesney half-year statement which reveals almost doubled profits thanks to strong export growth taking the total overseas content to some three-quarters of sales. Reduction in borrowings has bolstered profits at Bryant and the company plans to build a similar number of units in the current year. At Downs Surgical first-half profits are higher but the level of stocks is giving some cause for concern.

## M. P. Kent is well placed

RESIDENTIAL AND commercial property developers, M. P. Kent is ready and well placed to take advantage of any economic recovery.

As already reported taxable profit for the year to June 30, 1976, expanded from £1.7m to £1.8m.

Chairman Mr. M. P. Kent says he considers the results to be a creditable performance. They were achieved after changing to a more conservative accounting policy of taking profits on house sales when the proceeds of sale have been received and not as in previous years, when the contracts were exchanged and the house substantially complete. Using the previous accounting policy, profits would have been greater by £154,550.

It has also been decided to take the opportunity of writing off the balance-sheet as a non-liquid asset, against accumulated reserves. At December 1975 this figure appeared at £1.02m.

As explained in a circular on June 18 investment properties (valued at £2.75m, at December 31, 1975) have been transferred to current assets. This is reflected in development land up from £3.97m to £8.81m, and stock and building work in progress up from £1.88m to £4.5m. Total current assets rose from £7.82m to £12.08m.

Borrowings have been reduced by £2.85m during the year and this will reflect greatly reduced interest charges in the current year and has resulted in the group having considerable underdrawn bank and loan facilities available, stated Mr. Kent.

Bank overdrafts at June 30 totalled £2.49m, (£3.14m.). Long-term property loans amounted to £1.35m, (£4.56m.).

The company's programme is continuing on various property development projects and in particular construction is now well advanced on a first Scottish project of £1,000 sq. ft. office block, pre-let at a rental of £127,300 per annum.

Housing margins have remained under pressure during the year with building costs continuing to increase. However, an improvement in margins is anticipated in the current year and subject to the availability of mortgage funds the company's production is likely to increase. Further housing land was acquired during the period under review and the company has an adequate supply of housing land, maintained at 8,000 plots, plus sites for commercial and industrial development.

Practically all land bank and property development schemes have detailed planning consent and the introduction of development land tax will only have a minimal effect.

Meeting, Bath, on November 5 at noon.

## Turriff ahead and confident

ON TURNOVER of £13.7m, compared with £14m, pre-tax profits of engineering contractors, etc., Turriff Corporation, rose from £276,000 to £310,000 for the first half of 1976 and the chairman, Mr. Charles Turriff says current indications are that full year profit will exceed the £355,000 reached in 1975.

"As to 1977, our prospects overseas are very good and will more than offset the anticipated downturn in the U.K.," he tells members.

Profit after tax for the six months amounted to £149,000, against £125,000.

## Conoco loss £4.5m. at halfway

On a turnover up from £138.3m to £217m, wholesale distributors of petroleum products, Conoco, incurred an increased post-tax loss of £4.5m, against £1.1m, for the first half of 1976.

For the year 1975 there was a

net profit of £3.14m—sales £315.71m.

As before there is no dividend for the six months. The ultimate holding company is Continental Oil Company (U.S.A.).

## Downs Surgical advance

SALES FOR the half-year to June 30, 1976 of Downs Surgical increased from £4.74m, to £5.18m, and pre-tax profit advanced from £451,000 to £532,000. The figure for the year, 1975 was £1,024,543.

The interim dividend, on capital increased by the June rights issue, is 0.5p net per 10p share.

At least maintenance of a total of 2.177p for the year has been forecast. Earnings per share for the six months were 2.22p (1.89p).

The continued recession still affects National Health Service expenditure in the home market and has limited the growth of the company's traditional instrument business, the directors state.

However, the buoyancy of appliance sales, backed by the manufacturing facilities of the new subsidiary, Stedon Plastics, has enabled the group to reach its sales targets for the period, they add.

Although the company maintains its strong position in overseas markets, the directors are concerned about the severe cut-backs in hospital spending in Canada. These are considerably affecting the performance of the Toronto subsidiary, but efforts are being made to recover the first half-year's reversal.

The proceeds of the rights issue which raised £17,000 are now being used to fund additional working capital and new capital projects. The extension of the Bristow factory which manufactures the majority of the group's non-ferrous instrumentation is now complete. The creation of a stamping division in Sheffield is proceeding and the first stainless steel blanks will be produced this month. Proposals for new storage and distribution facilities, involving mechanised handling linked to existing computer facilities at Milton, are being studied.

These projects will maintain the growth of the manufacturing and distribution operations while helping to improve efficiency and limit the continued escalation of labour and overhead costs. It is stated.

Half year Year

1976 1975

Sales 5,176 4,744

Operating profit 503 511

Interest payable 277 224

Pre-tax profit 226 287

Tax 22 21

Net profit 204 266

Dividends 148 117

Retained 56 149

\* Profit on disposal of Centaur Cars

Advisors

comment

Operating profit at Downs



Mr. P. M. Tapscott, chairman of Lesney Products, seen with a range of the group's toys. Profits for the 24 weeks ended July 18, 1976, are better than forecast, rising from £1.6m. to over £3m.

### DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corr. of dividend	Total for year	Total last year
Bryant Hedges	1.24	Jan. 10	1.12	2.40	1.94
Downs Surgical	0.71	Nov. 11	0.71	1.42	1.15
S. Jerome	0.5	Nov. 11	0.46*	0.96	0.74*
Lesney Products	0.94	Jan. 4	0.34	1.28	1.63
Glaxo	5.99	—	5.16	8.14	8.31
Lockwoods Foods	3.3	Nov. 17	3.0	3.3	3.0
London & European Int. Mil	—	—	0.5	—	1.98

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Surgical is up 25 per cent. but at the pre-tax level the gain is only 17.1 per cent. thanks to the higher one half and increase in profit levels.

The problem now is that stock levels have come to rest at an uncomfortably high level so that if they increased at only 10 per cent. per annum from now on, the cost would absorb most of the company's earnings. Consequently Downs is trying to control its stocks on the one hand and increase its profitability on the other. The range of products is very large and so a computer has been brought in to help keep track of them.

Efforts to improve profitability have included cutting back on overheads and closing some smaller factories to concentrate production in four major ones.

Meanwhile the growth in exports has been rather steady. They accounted for 51 per cent. of turnover last year and 53 per cent. now. At 28p the shares yield 12.3 per cent.

At £13.8m to £13.9m. For the year 1975 there was a loss of £100,949.

"Technical problems of production continue to hamper recovery coupled with the inevitable duplication of costs stemming from the partial move to Livingston, the directors state."

As a result, holders can be offered no immediate prospect of dividends. The last payment was a final of 2.941p for a total of 4.818p net per 28p share for 1974.

The GRP is continuing to make every effort to increase production at Livingston to satisfy customer demand both at home and overseas, which continues at a very satisfactory level, the directors add.

Delay in the completion of the Livingston factory, together with late deliveries of vital new machinery and continuing trading losses adversely affected the cash flow. Discussions have commenced to ensure that the group has adequate borrowing facilities in 1977.

Considerable effort has been put into during the year in the rationalisation of services of the London Wall Group, says the chairman. The London Wall Extra Income Growth Fund, launched during the period under review, has been well received and is attracting a good level of new subscriptions, he adds.

The assurance division achieved record figures for new annual premium business this full benefit of which will be felt in the years to come, says the chairman. The Bermuda and Jersey companies' business has increased significantly. Overseas business continues to be regarded as a growth area.

Turning to legal services, Mr. Harbottle says that the total Jordan business continued to grow during the year and this growth is expected to continue this year. The company acquired a further Scottish company registration business which is now merged with Oswalds of Edinburgh. As a result, Oswalds has become the major company engaged in company registration and associated activities at the Scottish Companies Registry.

The associated companies traded well during the year, Mr. Harbottle reports, and made a substantially increased contribution to group earnings.

In March 1976, Gordon Johnson Stephens Holdings acquired 99.75 per cent. of Gordon Johnson Industries of the U.S. Each division of the group traded successfully last year, and Mr. Harbottle anticipates increased profits in the current year.

Spartax Holdings is developing at 270 per cent. and 560m its distribution network beyond the U.K. in the EEC. During the year there was considerable expansion in sales volume in France, Holland and Belgium, although at a lower level of profit 15, 1977, and a first payment in the U.K. Trading has been the latter of £7.1 per cent.

The group having received the proceeds of the sale of John Heath to the Dickinson Robinson October 14, 1977.

From that date the new address of the company will be: Witco House, Barbours Road, Worcester WR1 1RT. Tel: Worcester 31521. (Telex 339853.)

WITCO MOVES

Witco Chemical, U.K. subsidiary of the Witco Chemical Corporation of the U.S., is to move its headquarters including administration, sales and accounts departments from London to Worcester on October 18.

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G. M. Whitley halfway loss £123,000

Manufacturers of gold leaf and stamping foil, George M. Whitley, incurred an increased pre-tax loss of £123,000, against £11,000, for the first half of 1976, on sales up from

shares in J. F. Nash Securities, and together with its subsidiaries now hold 2,379,588 Ordinary shares (83.9 per cent.). By virtue of his controlling shareholding in J. F. Nash Holdings, Mr. J. F. Nash is deemed to be interested in a total of 2,353,588 Ordinary shares in Nash Securities (76.9 per cent.).

First Half 1976 group pre-tax profit of S. Jerome and Sons (Holdings) increased from £202,135 to a record £230,108.

The chairman, Mr. W. Jerome, has forecast the year's results (profit for 1975 was £453,645) but in view of the first half results the directors feel confident of recommending a maintained rate of dividend on capital increased by a one-for-ten scrip issue.

Earnings per 25p share for the six months increased from 4.5p to 4.4p and the interim dividend is effectively raised from approximately 0.457p to 0.5025p net. Last year's total was 3.0055p—equal to 2.733p adjusted for the scrip issue.

Turnover to external customers for the half year was approximately 15 per cent. less than the same period last year, partly due to the closure of a loss making weaving subsidiary. Consequently, less capital has been required in the business, releasing funds to make short-term investments, resulting in an interest credit of some £50,000 as against an interest charge last year of £23,000.

Business continues to be very difficult and the home trade has not been helped by the importation of cheap cloth and clothing on which continues unabated. Apparently very little positive action is being taken by the Government in spite of strenuous and persistent demands by the clothing industry and Wool Textile Delegation, says Mr. Jerome.

Conditions appear to be improving in some overseas markets and efforts are being made to increase the company's share of the available business.

The yarn pressure dyeing plant proved successful in enabling quick delivery service to customers. It was for this reason that the Board decided to invest further capital in this section by expanding the yarn dyeing capacity. This extension, which will cost approximately £200,000, indicates the directors' confidence in the future prosperity of the company within the Yorkshire textile industry, the chairman adds.

A month 1976 1975

Home turnover 2,254,413 2,891,752

Export 127,348 627,102

Group turnover 2,381,761 3,518,854

Profit before tax 223,729 230,108

Taxation 107,000 141,129

Net profit 116,729 88,979

Preference dividend 121,109 84,432

Ordinary dividend 15,898 12,643

SHARE STAKES

The National Farmers Union Mutual Insurance now holds 111,400 of Simon Engineering's 4.3 per cent. Preference shares, in excess of 10 per cent.

J. F. Nash Holdings has acquired a further 10,000 Ordinary

## Overseas growth for Wedgwood

A FURTHER substantial improvement during the current year in Wedgwood's already considerable trade with Europe was forecast by chairman Sir Arthur Bryan at the start of a business tour of the Netherlands and Belgium.

The Wedgwood Group achieved a 50 per cent. increase in sales to Common Market countries during the financial year ended April 3, 1976, and we are confident of a further substantial improvement during the current 12-month period," he stated.

"There are good prospects of this trend continuing in the years ahead," Sir Arthur went on.

The directors' confidence in the ability of Wedgwood—the Barlaston, Stoke-on-Trent, glassware and pottery manufacturers—to gain even greater sales in the Common Market was supported by the group's recent decision to invest £7.5m. in factory expansion programmes, Sir Arthur added.

Several divisions—notably Wedgwood, Mason's Ironstone and William Adams—had already started to enlarge and modernise their production facilities to meet the steadily increasing demand for their products from European markets, he said.

The Wedgwood Group exports

about 60 per cent. of total output during the current year in duration—accounting for £30.5m. of the group's total sales of £50m. in the last financial year.

"While there are still monetary uncertainties over the problems of inflation in Britain, we foresee major prospects in our major markets, particularly in Europe, which last year gained a place to the U.S. in our sales league," says Sir Arthur.

"Since Britain joined the EEC, the Wedgwood Group has benefited from the free trade area and our sales results have been quite outstanding in the two years."

The group now accounts for about 25 per cent. of the exports of British glassware and pottery manufacturers to the EEC countries.

Sales of Wedgwood Group products in the Benelux and Germany have shown a steady pattern for many years, as the past two years' sales have reflected the trading pattern in the EEC as a whole.

In the past financial year Wedgwood Group's sales in the EEC rose by 37 per cent. over the year, and pre-tax profit rose to £7.1m., an increase of 4 per cent.

IN HIS annual statement to members of The West of England Trust, chairman Mr. A. R. M. Harbottle says that the current economic conditions in the U.K. provide a difficult background for business. The directors maintain their intention to expand the group on a profitable basis.

Mr. Harbottle says of the financial division (Investment Management—Tyndale Group), that profits, although increased, continue to be affected by the low level of security prices. Funds under management at the year-end of June 30, 1976, were valued at £154m., compared with £137m. a year earlier.

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The National Farmers Union Mutual Insurance now holds 111,400 of Simon Engineering's 4.3 per cent. Preference shares, in excess of 10 per cent.

J. F. Nash Holdings has acquired a further 10,000 Ordinary

shares in J. F. Nash Securities, and together with its subsidiaries now hold 2,379,588 Ordinary shares (83.9 per cent.). By virtue of his controlling shareholding in J. F. Nash Holdings, Mr. J. F. Nash is deemed to be interested in a total of 2,353,588 Ordinary shares in Nash Securities (76.9 per cent.).

First Half 1976 group pre-tax profit of S. Jerome and Sons (Holdings) increased from £202,135 to a record £230,108.

The chairman, Mr. W. Jerome, has forecast the year's results (profit for 1975 was £453,645) but in view of the first half results the directors feel confident of recommending a maintained rate of dividend on capital increased by a one-for-ten scrip issue.

Earnings per 25p share for the six months increased from 4.5p to 4.4p and the interim dividend is effectively raised from approximately 0.457p to 0.5025p net. Last year's total was 3.0055p—equal to 2.733p adjusted for the scrip issue.

Turnover to external customers for the half year was approximately 15 per cent. less than the same period last year, partly due to the closure of a loss making weaving subsidiary. Consequently, less capital has been required in the business, releasing funds to make short-term investments, resulting in an interest credit of some £50,000 as against an interest charge last year of £23,000.

Business continues to be very difficult and the home trade has not been helped by the importation of cheap cloth and clothing on which continues unabated. Apparently very little positive action is being taken by the Government in spite of strenuous and persistent demands by the clothing industry and Wool Textile Delegation, says Mr. Jerome.

Conditions appear to be improving in some overseas markets and efforts are being made to increase the company's share of the available business.

The yarn pressure dyeing plant proved successful in enabling quick delivery service to customers. It was for this reason that the Board decided to invest further capital in this section by expanding the yarn dyeing capacity. This extension, which will cost approximately £200,000, indicates the directors' confidence in the future prosperity of the company within the Yorkshire textile industry, the chairman adds.



# Bryant advances to £2.4m. Lesney jumps to over £3m.

## and pays 1.24p

A rise at half-time from 1.00 to 1.24p, pre-tax profit of £2.4m. The company's performance for the year ending May 31, 1976, has risen from £1.2m to £2.4m, despite the loss of a much increased proportion of the land bank was purchased prior to the legislation and is clear of tax liabilities. It is early days yet to see how this legislation will be applied, but the group is still buying land prudently and selectively and, in view of the stabilisation of land values, it is in a strong position.

With the present economic climate and the need for new legislation, property development has become more precarious than ever, says the chairman. Consequently this year's consolidation and new developments are only being undertaken in absolutely prime locations.

The three main industrial developments in the Midlands being developed jointly with Samuel Whitbread have progressed satisfactorily during the year. When complete they will provide over 2m. square feet of building of which 60 per cent has already been let.

The office market has remained very difficult, the chairman says, and the take-up rate in the Midlands has probably been at an all-time low. However, he feels the market has a good share in progress, and no part of the office market has been let since January 1, 1975.

Debt has continued to be a major impact on borrowing and will continue to do so as the company's debt remains at or above the £1m level.

Mr. Homes had another very successful year, the chairman says. In spite of the fragile state of the market, a rapid appraisal of the situation led the company to build and sell in some quantities. Profit was made and still is being made but turnover was a little lower than in 1975.

In addition to private home sales, the chairman says, the company has been successful in selling local authorities were able to sell.

The chairman says the group's performance over the year has been satisfactory and work has been obtained at reasonable prices, he adds. He is confident the group can obtain a fair share of the available work in the future though it will be difficult to escape the effects of recent government spending cuts.

The chairman, who is also a director of the company, the principal of which is Sheikh Abdul Aziz Al-Saleh, says the group's performance over the year has been satisfactory and work has been obtained at reasonable prices, he adds. He is confident the group can obtain a fair share of the available work in the future though it will be difficult to escape the effects of recent government spending cuts.

## MANUFACTURERS OF toys and commercial decorations.

Products and Co. reports turnover up from £18.07m to £20.40m, for the 24 weeks to July 18, 1976, and an advance in pre-tax profits from £1.5m to £2.05m. This compares with forecasts of £19m and more than £2.7m, respectively made in June.

First half earnings are shown to be up from 2.36p to 4.43p per 10p share and the interim dividend is lifted from 0.3112p to 0.34p net. The directors state that, the second half has started successfully and the Board intends to declare a final dividend of 1.4p net to make a total of 2.34p for the year as indicated in the rights issue circular in May.

For 1975-76 dividends of 1.625p net were paid from pre-tax profits of £8.85m.

24 weeks	1975	1976	Year
Turnover	18,070	20,400	1975-76
Profit	1,500	2,050	1975-76
Depreciation	20,400	18,070	1975-76
Other interest	1,500	2,050	1975-76
Profit before tax	1,500	2,050	1975-76
Income tax	1,500	2,050	1975-76
Overseas tax	1,500	2,050	1975-76
Net profit	1,500	2,050	1975-76
Extraordinary items	1,500	2,050	1975-76
Profit	1,500	2,050	1975-76
Available	1,500	2,050	1975-76

The increase in turnover members due in part to inflation members are told. Pre-tax profit benefited from the dominant export character of the company's business. Extraordinary items arise from the increased sterling equivalent of current assets held overseas.

See Lex

## Parker Knoll Limited

### Best Ever Results

12 months to 31st July	1976	1975
	£'000	£'000
Group sales	14,594	12,592
Profit before tax	1,747	1,169
Profit after tax	839	560
Earnings per 25p share	18.5p	12.4p
Dividend payments per share	2.889p	2.627p

Points made by the Chairman, Mr. M. H. T. Jourdan

- ★ Profit increased by 50%.
- ★ Strong balance sheet.
- ★ High level of investment continues.
- ★ Healthy order book.

£147,847 for the first half of 1976, subject to tax of £70,712 against £103,218. Profit for the last full year was £147,847 and tax £162,205. At June 30, group assets, taking in investments at market value totalled £5.02m (£3.09m at December 31, 1975).

Pre-tax profit of £1,747,000 for the six months declined from £1,757,554 to £1,398,917 and tax took £468,251 (£534,988). Last full year's profit was £2,377,001.

Group assets at June 30 were £5.02m (£3.09m at December 31, 1975).

The companies have substantial interests in each other.

## London & European deficit: no interim

INCREASED pre-tax loss of £1,000 was incurred by London & European Group in the first half of 1976. This compares with a profit of £1,000 for the corresponding period of 1975. The loss was £1,000 for the first half of 1976, compared with a profit of £1,000 for the first half of 1975.

## Scottish Mutual lifts annuity rates

The Scottish Mutual Assurance Society has increased its immediate annuity rates by an average of 25 per cent, reflecting the rise in the cost of funds. The rates are now as follows:

Age	Rate
25	£10.00
30	£12.00
35	£14.00
40	£16.00
45	£18.00
50	£20.00
55	£22.00
60	£24.00
65	£26.00
70	£28.00
75	£30.00

## INTL. NICKEL NAME CHANGE

International Nickel has changed its name to Inco Europe. The change is effective from October 1, 1976.

## RECENT ISSUES

Company	Issue	Price
British Petroleum	£1.00	100
Shell	£1.00	100
Esso	£1.00	100
British Gas	£1.00	100
British Telecom	£1.00	100

## FIXED INTEREST STOCKS

Company	Issue	Price
British Petroleum	£1.00	100
Shell	£1.00	100
Esso	£1.00	100
British Gas	£1.00	100
British Telecom	£1.00	100

## "RIGHTS" OFFERS

Company	Issue	Price
British Petroleum	£1.00	100
Shell	£1.00	100
Esso	£1.00	100
British Gas	£1.00	100
British Telecom	£1.00	100

## Exploration and El Oro downturns

Exploration Company reports a fall in profits from £200,000 to £100,000.

## The non-glomerate. How Cooper Industries makes diversification pay off by gearing acquisition with internal growth.

Cooper Industries has diversified into three very different lines of business. But we've avoided the classic conglomerate style. We've remained an operating company, not just a holding company.

There's a big difference, and here are the ground rules: Don't depend on acquisitions alone to generate income. Don't go into a lot of businesses that are affected by the same economic conditions. Do go into businesses you understand.

Here's how that's paid off.

### Profits soar for non-glomerate tool companies

Until 1967 Cooper Industries' main business was engines and compressors for oil and gas companies. That year, we diversified into hand tools where steady growth would help balance the boom-and-bust nature of our energy-related products.

By making this diversification move, Cooper Industries got an opportunity to make The Big Mistake of Conglomerates. Namely, treating acquisitions like financial chequers instead of real businesses with plants, employees, products, and customers.

We didn't make the mistake.

Instead, we minded our new store as well as our old one. We combined the marketing organizations of the five acquired tool companies. We streamlined their product lines. We built new plants.

Result: Each of the five is more profitable today than it was the day we bought it.

### Non-glomerate thinking saved our energy division

In 1971 our energy division was on the ropes. Oil and gas companies weren't spending. And income dropped accordingly.

A typical conglomerate couldn't have done much more about that. (Except maybe crack the whip a little harder.) But because Cooper Industries was an operating company, we were in a position to fight back.

We dropped marginal products. We juggled manufacturing facilities. And cut costs everywhere from cranes to paper clips.

It worked.

Energy earnings were back up the very next year, even though the slump in energy product sales got worse. And because of that 1971 overhaul, our energy arm is one of the toughest and most profitable contenders in today's booming energy market.

### How a non-glomerate diversifies

In 1970, Cooper Industries moved into the aircraft servicing business — repairing and overhauling jet engines. Some of our motives sounded pro-conglomerate at first hearing.

"We wanted to get into a service industry, the source of a larger and larger portion of the GNP each year.

"Aircraft service, like many service industries, was steady. It would help smooth out the peaks and valleys in our income.

"Growth potential was steadier than energy products, but faster than hand tools.

But if these conglomerate-type reasons had been our only criteria, we could have just as easily gone into hotels or insurance. We chose aircraft because we could operate better there.

For years we had used jet engines to drive the gas pipeline compressors made by our energy division. So our management already understood jets. Their manufacturing. Their economics. Their engineering. Where to meet the competition head on and where not to.

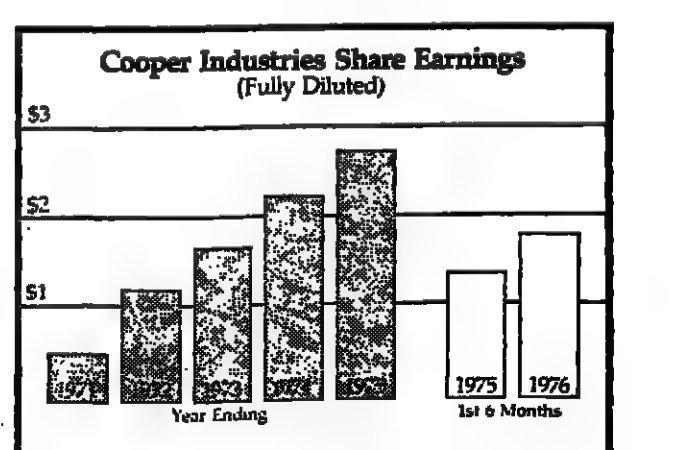
## Cooper Industries

### THE NON-GLOMERATE

We don't rely only on acquisitions to boost our earnings. We operate what we acquire and work hard to maximize long-term earnings growth. This is the essence of being a non-glomerate.

Operate what you acquire. That's non-glomeratism. We put it to work in:

- Hand Tools
- The Cooper Group (Lufkin, Crescent, Weller, Nicholson, Xcelite)
- Rotor Tool
- Aircraft Services
- Cooper Automotive
- Energy Services
- Cooper Energy Services
- (Cooper-Bessemer, Ajax, Penn Pump, Superior)





## مكتبات العمل







## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Thomson-Brandt announce sharp upgrading of sales and earnings forecast

BY DAVID CURRY

THE FRENCH electrical group Thomson which earlier this year gained an important stake in the domestic telecommunications market through the acquisition of majority interest in the French subsidiaries of ITT and the Swedish concern Ericsson, has significantly upgraded its 1976 forecast.

Whereas in May the company was talking about a 15 per cent. improvement in sales and a 20 per cent. profit upturn, the latest forecast by the president of the Thomson-Brandt parent company M. Michel Walilain looks forward to an 18 per cent. advance in turnover and an earnings figure proportionately even better.

In addition he indicated that shareholders could look forward to a higher dividend provided

that this was permissible under the Government's austerity programme.

Thomson-Brandt a producer primarily of household electrical goods, holds a controlling 50.3 per cent. stake in the electronics and weapons concern Thomson-CSF. The acquisitions from ITT and Ericsson, part of a Government-sponsored reconstruction of the sector, brought the group 35 per cent. of the domestic telecommunications market.

In terms of figures an 18 per cent. advance would push turnover up to around Fr.14.8 to Fr.15.5bn. of which some Fr.8bn. would come from Thomson-CSF. Of the group total around Fr.8bn. should come from overseas, a Fr.1bn. improvement on the previous year. Leaving aside the newly acquired

interests industrial investment should amount to around Fr.880m.

These interests will reduce the proportion of revenue coming from overseas. Thomson-CSF into whose account the acquisition will be consolidated will see the proportion of overseas sales come down from around 55 to 37 per cent. while its dependence on military sales will be reduced also to around 37 per cent.

Thomson-CSF has also announced that the French telecommunications utility P.T.T. would order from LMT the company bought from ITT a meta-continua base division switching system to go with the order for a high capacity system already promised for the start of next year.

## Strong rise in profits at Comp. Bancaire

By Our Own Correspondent

PARIS, Oct. 11.

A STRONG resurgence in demand for credit is the main feature of the first half-results of Compagnie Bancaire. Its credit operations of Frs.9,533bn. represented a 52 per cent. advance on the previous year. Gross group operating profits came out at Frs.433m. Profits after depreciation and provisions for the last full 12 month period amounted to Frs.710m.

After provision of Frs.210m. for tax and Frs.115m. for minorities net group consolidated profit for the first half came out at Frs.111m. or Frs.36 per share. The 1975 per share profit after accounting for a bonus issue was Frs.55.

## Bayer spending DM190m. on new dye plant

BAYER's management Board had approved the investment of DM190m. in a new factory to produce organic dyes.

The planned work is to manufacture 9,000 tons annually of 36 different dyes for cotton, wool, silk and synthetic fibres. Construction time is estimated at three years. The new factory is expected to create 150 new jobs.

The new project is the second stage of development for the Bayer's new Brunswick works. The first project, a factory with an annual production capacity of 43,000 tons of Desmodur 80, is nearing completion. Test runs are planned for early next year.

## Usinor threat

SOCIETE USINOR-Danquenne, France's biggest steelmaker, will be "forced" gradually to close its plants and disband all its personnel if a strike by "a few workers" blocking the supply of ore is successful. The strike, for higher wages, began on October 2.

## Alstom Atlantique and Rateau plan merger

ALSTOM-Atlantique chairman Pierre Logeais said his company plans to make a bid for the shares it does not already own in the 61.4 per cent. owned subsidiary Rateau.

Directors of the two firms will meet this week to approve an Alstom-Atlantique offer of two ordinary shares for every five Rateau ordinary shares, he added.

At the present Alstom-Atlantique share price of Frs.90, this makes the offer worth about Frs.3.5m., he said. Rateau, an engineering company, made a 1975 net loss of Frs.4.8m. after tax, depreciation and provisions on a turnover of Frs.217m.

Antar interim loss

ANTAR-Petrolees de l'Atlantique, a French oil group, said its interim loss for the first half of 1976 was Frs.33.1m. (loss Frs.33.1m.).

The company points out that the result included a gain of Frs.10m. on stocks as a result of higher prices so that the loss really amounts to Frs.118m. Because of the continued deterioration in profit margins, prospects for the second half are "mediocre".

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS			
STRAIGHTS	1981	1982	1983
Australia 5 1/2% 1981	100 1/2	100 1/2	100 1/2
Belgium 5 1/2% 1981	100 1/2	100 1/2	100 1/2
Canada 5 1/2% 1981	100 1/2	100 1/2	100 1/2
France 5 1/2% 1981	100 1/2	100 1/2	100 1/2
Germany 5 1/2% 1981	100 1/2	100 1/2	100 1/2
Italy 5 1/2% 1981	100 1/2	100 1/2	100 1/2
Japan 5 1/2% 1981	100 1/2	100 1/2	100 1/2
Netherlands 5 1/2% 1981	100 1/2	100 1/2	100 1/2
Spain 5 1/2% 1981	100 1/2	100 1/2	100 1/2
Sweden 5 1/2% 1981	100 1/2	100 1/2	100 1/2
Switzerland 5 1/2% 1981	100 1/2	100 1/2	100 1/2
UK 5 1/2% 1981	100 1/2	100 1/2	100 1/2
US 5 1/2% 1981	100 1/2	100 1/2	100 1/2

CONVERTIBLES			
STRAIGHTS	1981	1982	1983
Australia 5 1/2% 1981	100 1/2	100 1/2	100 1/2
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UK 5 1/2% 1981	100 1/2	100 1/2	100 1/2
US 5 1/2% 1981	100 1/2	100 1/2	100 1/2

## AMERICAN COMPANIES

## Congoleum offers \$153m. for Universal Leaf Tobacco

BY STEWART FLEMING

CONGOLEUM CORPORATION, currently engaged in a sweeping divestiture programme involving the sale of its carpet and furniture business, has announced an offer to buy Universal Leaf Tobacco for about \$153m.

Universal Leaf is the largest leaf tobacco importer and exporter in the U.S. with sales last year of \$730m.

Its main business is the processing and sale of tobacco for cigarette and pipe tobacco and cigar manufacturers around the world and about 20 per cent. of its business is in exports. Brokers suggest that the increasing profitability of these foreign operations is an important factor behind the company's performance in the last five years. Earnings per share have more than doubled and Universal Leaf has developed the reputation of being a well-managed concern.

Congoleum, by contrast, is a smaller company engaged in a major restructuring of its operations which is expected to produce a string of acquisitions as well as the divestiture programme. The Congoleum bid for Universal Leaf of \$22.50 a share is the company's first major diversification attempt. It promises to run head on into opposition from Universal Leaf whose chairman has described the offer as "unfounded and not apparently in the best interests of Universal shareholders."

In 1975 Congoleum had sales

of \$278m. from continuing operations and earnings, per share of \$1.25.

A spokesman for Universal said its board meets to-day to consider the offer.

## Black &amp; Decker sales rise

By John Wicks

ZURICH, Oct. 11.

THE U.S. power tools concern, Black & Decker, expects to have booked a "significant improvement" in its sales for the fiscal year ended September 28, 1976, to \$745-750m. This would be the 18th consecutive year in which the company has recorded a growth in sales. Net earnings per share are put at somewhere in the \$1-1.05 range, as compared with 86 cents in fiscal 1975.

Speaking here on the occasion of the introduction this week of the common stock of Black & Decker manufacturing company, Townsend, Maryland, to the Bourses of Zurich, Basle and Geneva, vice-chairman John C. Broome said the European international division had registered good gains this year. The non-U.S. segment of total business, which passed the 30 per cent. mark for the first time in fiscal 1975, would expand in relative importance as markets were developed worldwide. The company was "doing

very well" in the United Kingdom.

European sales grew by some 12 to 13 per cent. in dollar terms last year, while the European contribution to earnings increased, said Broome. In the coming five years annual European turnover growth is given as about 15 per cent. Investments will be below average, however, due to existing free out by pilots in a dispute over use of the French language in Quebec in air traffic communications.

Loss for Air Canada in 1975 totalled \$22m. CP Air \$3m. The combined loss for the regional carriers totalled \$1. The five regional airlines Eastern, Provincial, Air Nordair, Pacific Western and Quebecair and Transair.

## Closures by Anaconda

GREENWICH, Oct. 11.

ANACONDA's wire and cable division said that it is permanently closing down its magnet plant in Anderson, Indiana. The company said the facility has been idle since January 3, 1976, because of a strike.

Since the strike, the company said, all production previously handled at the Anderson plant has been transferred to other company facilities. About 200 people were employed at the plant when the strike was called by Local 1444 of the United Brotherhood of Carpenters and Joiners of America.

## Canadian airlines

TORONTO, Oct. 11.

THE TWO Canadian mainline carriers, Air Canada and CP Air,

NEW YORK, Oct. 11.

and the five regional air carriers lost a record total of \$88.3m. the first six months of this year, according to Statistics Canada. This compares with a loss of \$21m. in the same period last year.

The biggest portion of the loss, \$33.6m., occurred in June, according to Statistics Canada. The companies' losses in the first six months of this year were \$88.3m. compared with \$21m. in the same period last year.

## Profits forecast

U.S. corporate after-tax profits will probably show a 27 per cent. rise this year with a further of about 13 to 14 per cent. in 1977, according to "The Economic Outlook" of the U.S. National Bureau of Economic Research.

The Bank noted that quality of the profits has improved, the rebound occurring mainly in operating profits, only a modest increase in net income.

"Only two out of the five major cyclical recoveries," stronger in this respect," Bank said. "But in neither did he rise in profits last as in

## Itoh to decide on merger by year end

TOKYO, Oct. 11.

ITOHI and Co. president, T. Itoh, said his company will decide by the year end whether to merge with Atsuta and Co. company which ran into financial difficulties last year.

Tozaki told a Press conference that even if the decision is positive, it will be difficult to complete the details of a merger. April 1 next year, the target set by Atsuta.

The two trading companies entered into a business tie-up early this year, which called for a possible merger at a later date.

## Sharp fall in SCA's profits

BY JOHN WALKER

STOCKHOLM, Oct. 11.

THE PRE-TAX profits of Svenska Cellulosa (SCA) one of the leading pulp and paper groups in Sweden have dropped significantly during the first eight months of this year to Kr.401m. (€47m.) compared with Kr.401m. in the corresponding period in

1975. This was achieved on an increased level of sales which amounted to Kr.2,550m. (€306m.) up from Kr.2,440m. on sales of Kr.2,100m. during the January-August period in 1975.

The bulk of the drop in profits is attributable to poor returns in

the pulp and paper sector of SCA's operations which went down by Kr.101m. during the period under review, from Kr.298m. last year against Kr.185m. this year.

In the annual report for 1975 it was forecast that the profit for 1976 would be as good as in the previous year. This presupposed that the business cycle would show a considerable improvement and that the company could increase prices for its main products during the second half.

The interim report goes on to say that the rise in the business cycle has up to now been very slow and to-day it does not seem possible that the last four months of this year are going to show such a strong recovery as to enable the group to reach the 1975 figures.

In addition there is the lowering of the foreign currency rates. First the dollar and then the pound, which have had a negative effect on price levels in the company's products.

## Elco foreign sales boost

BY L. DANIEL

TEL AVIV, Oct. 11.

THE BOOMING business being done by Israeli Electronics producers (who have doubled their foreign sales so far this year compared with 1975) is reflected in the results of Elco, one of the country's half dozen big firms.

Its pre-tax profits for the year ended March 31, 1976, of \$5,680m. were up by nearly 70 per cent. over the preceding fiscal year. After-tax profits of \$3,350m. rose by 66 per cent.

This will enable the company to pay an unchanged dividend of 12 per cent. in cash and of 15 per cent. in bonus shares. Its turnover increased by 70 per cent. to over \$12.5m.

A special general meeting has been called for early November to consider an increase in the company's registered capital by nearly \$50m. to \$2,820m.

Fratarom Acre—one of Israel's largest producers of basic chemicals—has received the approval of the stock exchange here to float in the U.S. an issue of \$11m. nominal value.

The only condition attached is that the U.S. quotation should not be more than 10 per cent. below that on the Tel Aviv stock exchange.

The company will now have to apply for the required permission from the SEC.

## Rolinco warrant details

BY MICHAEL VAN OS

AMSTERDAM, Oct. 11.

ROLINCO, the Dutch investment fund, has released details of its scheme giving shareholders warrants to buy Rolinco shares during a certain period at fixed prices. For every twenty shares in the company, there will be a warrant entitling them to buy one Rolinco share. In the period to August 31, 1977, at a price of Fls.140, to August 31, 1978, at Fls.150, to August 31, 1979, at Fls.160. The shares closed in Amsterdam at Fls.159 to-day.

In contrast to the share price of Rolinco ordinary shares which, the fund pointed out, was virtually equal to the daily calculated intrinsic value, the share price of the option will be determined by supply and demand—and much more volatile, given its relatively low initial value.

Discussing what the option means for Rolinco shareholders, the company said that if every shareholder exercised his warrants at the same time, the

award of an option right would have no effect. The forward pricing of Rolinco shares at a discount results in the value of the current Rolinco share declining slightly. It is explained that the decline in value will be about equal to the theoretical warrant value per share.

But the company emphasises that the non-Rolinco shareholder buying options at a price which is higher than the theoretical value of the option does this in the "by all means, realistic supposition that the Rolinco share price will rise in the exercise period."

## St. Kitts-Nevis sugar factory move

BY TONY COZIER

BRIDGETOWN.

THE Government of St. Kitts-Nevis is to start negotiations next month for the purchase of the Caribbean state's sole sugar factory which is owned by the British company of Henkell Dublison and Co.

The factory which produced just over 30,000 tons last year was offered to the Government by Henkell Dublison last year but there was no agreement on the price.

Two evaluators from the Commonwealth Fund for Technical Co-operation in London will assist the Government in its negotiations.

The Government has already taken over all sugar land on the island of St. Kitts and is angry protests from land owners over the amount of compensation paid. A total of 30,000 acres was involved in the deal.

## Bulgarian success fuels Comecon loan speculation

BY TONY HAWKINS

THE \$75m. six-year loan for the Greek Public Power Corporation is to be signed in London today.

Joint lead managers for the Euroloan are Bankers Trust International and Manufacturers Hanover Ltd. The spread is 1 1/2 per cent. above the London inter-bank deposit rate for the first four years and 1 1/2 per cent. for the final two years.

Elsewhere in the market, such has been the success of the Bulgarian Foreign Trade Bank five year loan of \$100m. (originally \$75m., but since increased) at a spread of 1 1/2 per cent. that there is speculation of further new borrowing by East European countries.

Bank PKO of Poland, one of

the two main Polish banks involved in foreign exchange transactions, is raising \$250m. over five years at a spread of 1 1/2 per cent. Lead manager is Republic National Bank of New York and other banks in the syndicate are Banque Canadienne Nationale, the International Bank for Economic Co-operation, Toronto-Dominion Bank and Western American Bank (Europe) Ltd.

The authority had a gross revenue of \$534m., up 17 per cent. against operational expenditure of \$511m., up 13 per cent. over the previous year.

AP-14

## Telephone revenue increases

THE STATE-OWNED telecommunications authority of Singapore's net revenue for the year ending March 1976 rose to \$510.2m., from \$480.2m. in the same period in 1975. It was announced in Singapore yesterday.

The authority had a gross revenue of \$534m., up 17 per cent. against operational expenditure of \$511m., up 13 per cent. over the previous year.

AP-14

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September 1976



## FINANCIAL AND COMPANY NEWS

## AUSTRALIAN STOCK EXCHANGES

## Uneasy truce for rivals

BY JAMES FORTH

SYDNEY, Oct. 11.

ASK of sweet en- which sets common listing ally go ahead and offer members of other exchanges access to its trading floors.

Before the scheme can be implemented the exchanges had to put the matter to their members and receive a 75 per cent. vote in favour of the changes. Melbourne held a meeting in June and obtained an 88 per cent. vote but Sydney, which initiated the merger talks, could only muster a 54 per cent. vote. The major reason was that many of Sydney's smaller firms felt they would be squeezed out by Melbourne's big three brokers—Potter Partners, J. B. Werr and Son, and A. C. Goode and Co.

Firms, which at present handle much of the agency work of the major Melbourne brokers, and

'We want a national operation of stock exchanges—not trying to cut each other's throats....'

a long gestation period of almost two years, the exchanges have now agreed to a plan to merge into a single national stock exchange. The plan, which was approved by the Australian Securities Commission, will include the establishment of a National Corporate Securities Commission, a State operation and a Commission in the exchanges saw, the report was released and it has been working to achieve a merger of the State exchanges into a national stock exchange. At present the city in each State has its own independently operated stock exchange.

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therefore stand to lose much of their business, have also been opposed to the changes. Sydney held another meeting in August, but this time only obtained a 57 per cent. vote. A third meeting was planned for September 23. Melbourne in the meantime had been quietly working on its plan, which it originally intended to announce on September 22. This was only abandoned at the last moment—the Press were assembled in the Board room of Melbourne exchange waiting for a mystery release from the exchange—when Sydney was informed and complained bitterly. In the event the third Sydney meeting recorded an 87 per cent. vote for the changes, enabling the work on joint approach to proceed.

Melbourne waited only until it heard the Sydney results and released its statement within hours. Headed "Melbourne initiative towards national share market" the release said there would be three avenues of access to the Melbourne trading floor. Interstate members could simply become members of Melbourne exchange. Alternatively, the brokers could be admitted as "associate member firms."

## EH flayed by stock exchange

H. F. LEE

SINGAPORE, Oct. 11.

STOCK EXCHANGE of the East (SESE) has continued to be flayed by the Eastern Hotels Development (EHD)—the owner of the Hilton—for giving misleading information to investors. The company's letter to SESE, the SESE said that the company's had given false and misleading information on a 1 to buy four logging for S\$22.2m. and sell 1 property. The SESE, the letter to the SESE, the SESE said that the company's had given false and misleading information on a 1 to buy four logging for S\$22.2m. and sell 1 property. The SESE, the letter to the SESE, the SESE said that the company's had given false and misleading information on a 1 to buy four logging for S\$22.2m. and sell 1 property.

the authority given pursuant to the Board meeting. Accordingly, the exchange holds your Board fully responsible for the consequences. You have also thereby furnished the Exchange with false and misleading information. The SESE added.

the exchange said, therefore represents a sharp contradiction. In rejecting FEH's nominee, C. W. Thum—a local firm of public accountants—for the investigation job, the SESE stated that the firm of public accountants to be appointed should be one which has substantial and extensive experience in the audit and investigation of listed companies. It has therefore asked the company to confirm that it will accept a firm of public accountants which it will name for the job. The investigation was requested by the SESE recently.

## Options trading planned

SINGAPORE, Oct. 11.

THE Singapore stock exchange hopes to introduce a pilot scheme for options trading early next year, exchange chairman, Ng Soo Peng said today. The exchange, he said, had been considering the introduction of options trading for some time before options trading could start to be explained, the exchange had to obtain Finance Ministry and possibly Securities Industry Council consent.

Mr. Ng Soo Peng was elaborating on a weekend statement to the exchange's annual meeting in which he said the exchange was conducting a feasibility study on the setting up of a stock clearing corporation and of options trading, in line with the practice of other leading financial centres. Before options trading could start to be explained, the exchange had to obtain Finance Ministry and possibly Securities Industry Council consent.

## Air NZ reports record profits

By Dai Hayward

WELLINGTON, Oct. 11.

AIR NEW ZEALAND, the State-owned airline, has made a record profit of \$5.5m. This is a jump of 25 per cent. (\$1,005,670) on the 1974-75 profit.

The profit was made in spite of a levelling off in passenger numbers and freight tonnage and is against the profitability trend of international airlines.

There was a substantial fall-off of passenger traffic on some Air New Zealand routes earlier in the year but the fleet improved to produce a 4.5 per cent. growth in passenger traffic for the year. This compares with a 31 per cent. jump the previous year and an average of 22.5 over the past five years.

The airline's passenger occupancy rate dropped from 65 per cent. to 61 per cent. The main factor in Air New Zealand's remarkable lift in profit against these trends was the increase in revenue of 23 per cent. to \$164m. and the sale of a DCB for \$300,000. Cargo increased by 4.5 per cent. in tonne kilometres compared with an increase of 54 per cent. in the previous year. The freight-carrying tonnage was helped by a big increase in air traffic exports out of New Zealand which balanced a fall in imports.

## New Yugoslav rules on bills of exchange

BELGRADE, Oct. 11.

THE MONEY market in Yugoslavia is to transact bills of exchange issued by domestic economic organisations in order to speed up circulation of the bills, our Belgrade correspondent writes.

Earlier this year, it was ruled that payments made between these organisations for the buying and selling of goods had to be made either in cash, by cheque, via letters of credit or through accepted bills of exchange—the latter being intended to be the principal instrument of payments. But instead of being widely circulated, the bills of exchange were largely deposited with banks until they matured within 90 days.

The decision that from January 1, the money market should transact the bills and that the central bank should reduce an unspecified proportion of the acceptance held by the banks is expected to reduce the money supply as well as increasing the circulation of the bills.



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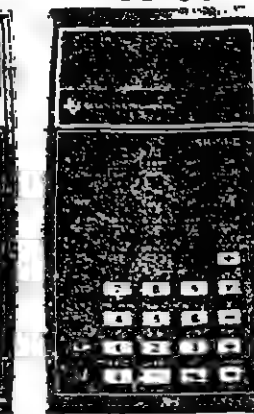
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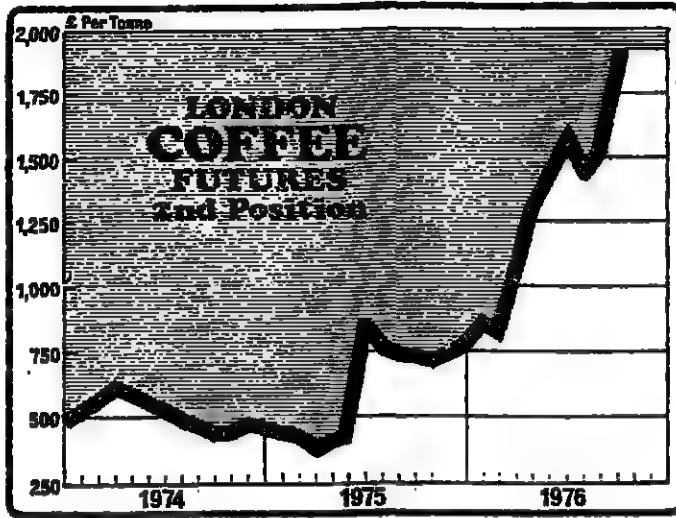


# FINANCIAL TIMES REPORT

Tuesday October 12 1976

## COFFEE

Coffee is one of the world's leading soft beverages. In Britain, traditionally a tea-drinking nation, consumption has risen rapidly since the war, helped by the introduction of instant coffee. But recently there has been a quite shattering price explosion, putting big question marks over future demand.



Because of this forward buying both by European and U.S. roasters apparent consumption of coffee does not so far show much reaction to the higher price levels. The U.S. Department of Agriculture, for example, in its latest estimate of the world supply-demand position forecast a drop of only 6 per cent in consumption during the 1976-77 season.

The effect on real consumer demand may be more difficult to estimate. As mentioned previously, the true rise in the price of green coffee has yet to hit the consumer with its full force because of the long supply distribution pipeline and the general reluctance to put up prices too quickly.

coming consumer resistance to higher prices. It is a natural product for the increasingly popular vending machines and some notable advances have been made in recent years in presenting the product in various forms to the public.

Nevertheless, there is considerable concern among producers as well as consumers about the long-term effect on demand of the steep rise in the price of coffee and the forecast of acute scarcity of supplies next year. Experienced coffee traders point to the example of 1954, when there was a similar shortage which resulted in following years in massive surpluses developing as output was stimulated and consumption fell back.

elaborate system of export quotas and stocks verification has been set up in the knowledge that it will not be operative.

The function of the agreement at present is mainly to collect and collate information on market trends in preparation for the time when it may be required to resume its previous role for controlling prices and supplies. But when that time comes the price levels, and size of export quotas, may be much more difficult to negotiate.

Meanwhile, the coffee futures markets in London and New York have been enjoying boom times, with record turnover as a result of increased interest from the trade and activity from speculators.

### Example

Least it should be thought that modern markets are too sophisticated for this kind of pattern to be repeated, commodity traders would point to the example of the world sugar market, where prices plunged from \$850 a ton to \$112 in the space of two years. Producing countries were acutely aware of this danger when negotiating the new International Coffee Agreement that officially came into force on October 1 and includes provision for a \$25m. promotion fund.

It is generally recognised that the new agreement will not become operative for two or three years until the present shortage situation disappears and more normal market conditions are restored. In the meantime an

The London Robusta market has gone from strength to strength, although moves to introduce a Mild Arabica contract in London appear to have failed, with the market failing to attract support at a time when interest in coffee futures has been set at its most intense for many years. In New York, however, the contract introduced several years ago has proved a resounding success, encouraged by a wave of speculative support often bringing price changes that bewilder traders in the physical market actually buying or selling coffee.

As one trader put it recently after another upsurge in the market: "How can these prices be justified, even taking into account sterling and inflation?" This is a question that is likely to overshadow the world coffee trade more and more in the months ahead.

Many outside observers tend to scoff at the idea of frost in Brazil, normally associated in people's minds with the hot and dusty image of South America. But the fact remains that while the Northern Hemisphere normally enjoys its warmest period of summer in June to August, Brazil—and in particular the main coffee growing state of Parana—is vulnerable to very cold weather and frosts just at a time when the coffee crop for the following year is in a delicate state of development.

Frost has hit Brazil's coffee crop many times in the past. But the 1975 frost must be among the worst ever suffered.

Some more statistics illustrate just what a disaster the 1975 frost was for Brazilian production. It virtually wiped out the 1976-77 crop in Parana, affecting virtually all the 915m. trees. In Sao Paulo 86 per cent of its 800m. trees were hit, while in the Mato Grosso 40 per cent of its 55m. trees were affected.

Only southern Minas Gerais escaped fairly lightly with less than 30m. out of over 380m. trees being damaged.

The result is that the 1976-77 crop just harvested, is very sharply down indeed compared with previous years. Estimates of the crop still vary widely from between 5.5m. bags (of 60 kilos) forecast by local coffee farmers, to 6.4m. bags suggested by the Brazilian Coffee Institute, 7.5m. by the Common-

wealth Secretariat, and 9.5m. bags predicted by the U.S. Department of Agriculture. Whichever figure turns out to be correct, it is still a disaster when compared with crops of

22.2m. bags in 1975-76, and 27.5m. bags in 1974-75.

What is more, it will take some time before Brazil can restore production to normal levels—frosts permitting in the meantime—despite the expenditure of large sums allocated by the Government to restore the fortunes of what at one time used to be its dominant export earner. The future of coffee output in Brazil is threatened not only by frosts, but also by rivalry from other crops, particularly soyabean, competing for the attentions of farmers who previously relied on coffee.

As a result Brazil has actually become a buyer on world markets in recent months, seeking supplies for its growing soluble coffee manufacturing industry, and to take the pressure off its domestic market, while boosting export returns from the world market.

### Surplus

However, the size of the price explosion in the past year is not only attributable to Brazil. The impact of frost-damaged Brazilian crops in the past has been lessened by the use of big surplus stocks, held in Brazil, and by increased supplies from other producing countries eager to gain a bigger share of the world market.

Before the extent of the Brazilian frost damage was fully appreciated, it was estimated that the release of surplus stocks and increased production elsewhere, plus a fall in demand, would help ride out the shortage situation as in the past.

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# Confused supply estimates

IN FORMER years estimation of the world coffee crop presented few difficulties. That is not to say that coffee growers' output estimates are any more reliable than those of any other commodity producer or that the collection of the individual figures is any more sophisticated. But the international coffee trade has long experience in assessing the accuracy of crop reports and in discounting those that appear to be politically or commercially inspired.

Most leading coffee merchants and traders have comprehensive information networks covering the world's leading coffee producing areas, so they by no means depend on producers for all their information. In addition, the collection of significant crop information is made relatively easy by the fact that a very large part of world production is concentrated in a few countries.

In good years Brazil and Colombia can between them account for over 40 per cent. of the world crop. So if you get the figure for those countries about right you cannot be far out on world total. After Brazil (with around 24m. 60-kilo bags) and Colombia (about 8.5m.) come a few countries (notably Angola and the Ivory Coast) with 2m. to 3m. bags, but the remainder is shared by numerous small producers.

This picture was radically changed, albeit temporarily, by last year's Brazilian frost. In 1977 output at around 6.4m. bags one fell swoop this cut that country's 1976-77 crop from an anticipated 27m. bags to below 10m. bags (and possibly not much above 5m. bags). The gravity of this disaster can be judged from the fact that the

price of coffee has since rocketed by over 300 per cent.

The sharpness of this rise may seem excessive on purely arithmetical grounds, since the last Brazilian production amounts to no more than 25 per cent. of the world crop. But in terms of exportable supplies the blow was far greater. More important still, perhaps, was the fact that the world coffee supply situation was changed overnight (literally) from one of perennial surplus to one of very definite shortage.

The market had therefore to adjust from a situation in which consumers (roasters and manufacturers) could confidently resist any rise in prices to one in which they could not be sure of getting adequate supplies at any price. Furthermore, the comfortable pre-frost situation has led many manufacturers to allow their stocks to fall to unusually low levels.

## Dominant

Even with its drastically reduced production Brazil is still the dominant influence in the world coffee market. For this season at least it will almost certainly be only second in the coffee production league—but Brazilian crop news still has more market impact than any other.

The situation is very confused, however. The Brazilian Coffee Institute (IBC) puts 1976-77 output at around 6.4m. bags but this figure has been hotly disputed by the growers, whose own estimate of 5.5m. bags is supported by the Brazilian Soluble Coffee Producers Association (ABICS). Meanwhile, the U.S. Department of Agri-

culture (USDA) has said that it is sticking to its prediction of a 9.5m. bags total Brazilian crop.

The coffee growers and ABICS say that the disparity between their forecasts and that of the IBC is due to failure of IBC to take into account recent heavy rains. But the USDA adds further to the confusion by attributing the discrepancies to differing assessments of the impact of drought.

The USDA maintains, however, that its figures are completely up-to-date and based on State by State field trips made by U.S. Embassy experts, as well as contacts with exporters and traders. London dealers are nevertheless inclined to favour the more conservative Brazilian estimates.

The latest USDA assessment puts the total world coffee crop in 1976-77 at 62.1m. bags, an increase of 1.6m. on its previous forecast. It bases the increase on upward revisions in estimates for several South American countries and for the Ivory Coast. Global export availability from the current crop is estimated at 44.7m. bags and since normal world export demand is around 35m. bags this would leave a big gap.

The USDA estimates 1975-76 world coffee output at 72.8m. bags, with export availability at 54.3m.

Apart from Brazil, trade sources say this Colombian 1976-77 crop prospects are "confusing," with forecasts ranging between 8m. and 8.5m. bags. Central American crops are expected to be below normal because of drought but African output figures should be about normal—with the notable excep-

WORLD COFFEE PRODUCTION (m. 60-kilo bags)							
	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75*	1975-76*
Brazil	20.6	10.7	24.6	23.5	14.3	27.5	22.2
Colombia	8.5	7.8	6.5	8.9	8.0	9.0	8.5
Ivory Coast	4.7	4.0	4.5	5.0	3.2	4.5	4.8
Angola	3.6	3.4	3.8	3.8	3.2	3.0	1.0
Uganda	3.3	3.2	3.1	3.8	3.2	2.0	2.8
Ethiopia	3.0	2.6	2.3	2.6	2.2	2.5	2.5
Others	26.4	28.4	28.4	30.3	28.9	31.5	30.2
Total	70.1	60.1	72.2	77.9	68.0	81.0	72.0

\* Estimated. † Forecast.

Source: Commonwealth Secretariat, Tropical Products Quarterly

tion of Angola, where the war has led to serious labour difficulties.

It is certain then that supplies will be tight in the coming year—and for several years to come. But just how tight will depend on the demand situation, and that is exceedingly difficult to assess.

The USDA believes high prices will cut world consumption by some 6 per cent., which would reduce the global figure to around 51.5m. bags—leaving 7m. bags to be found from stocks. But at this stage no consumption estimate can be much better than an educated guess.

Traders say that few signs of a cut in consumption have been apparent so far. But this may be due to housewives stocking their larders in anticipation of higher prices to come. If this is so, the eventual fall in consumption could be very large indeed. And as only about 50 per cent. of the inevitable price rise has so far worked through to the consumer the incentive to use less coffee can only increase.

Longer term output prospects are equally uncertain. Factors such as the rate and scale of Brazil's regeneration of production, the degree to which other producers attempt to fill the gap (attracted by record prices) and the possibility of further natural disasters all have to be borne in mind.

The IBC claims Brazil will be well on the way to a 24m. bag crop within a few years and has repeatedly warned other producers of the dire consequences of overtly increasing their own production. But this figure may prove difficult to attain, especially as some meteorologists suggest the recent unhelpful Brazilian weather is not just a temporary climatic aberration. In addition such doubts may discourage former growers from replanting coffee—many have already decided to switch to safer annual crops such as soyabean.

The best prospects for production increases outside Brazil appear to be in Africa. But political and social problems there present major barriers to growth. Possibly the strongest African growth prospect area is Ethiopia, where current exports of a little over 1m. bags a year could be expanded to around 2m.—according to some experts—if only its serious transport and organisational problems could be solved.



Sampling coffee in a Rotterdam warehouse used by McGregor Cory, a British company in the trade.

Richard Mooney

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National Coffee Association of U.S.A.  
Green Coffee Association of N.Y.C., Inc.  
Green Coffee Association of New Orleans  
Pacific Coast Coffee Association

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مكتبة الأمل



# COFFEE III

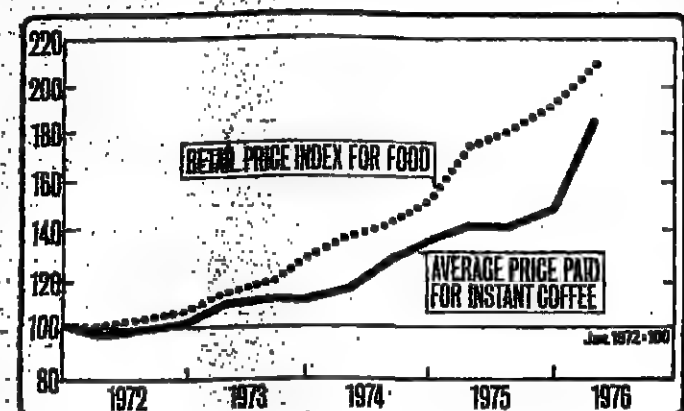
## Signs of a pause in U.K. sales

THE British consumer, means instant coffee. The soluble variety was used, to this country in any way of the armed the British have been their consumption of an enthusiasm which has relatively recently been by price. To-day over cent of all the coffee in this country is instant market is worth £130m. prices—not much less the market for its main

In 1970 volume again increased by 9 per cent. but in 1971 a price rise hit sales and the growth slowed to 2 per cent. The market recovered again the following year but in 1972, when the price again increased—rather unfortunately the increase hit the shops during the voluntary price freeze—there was no growth. Last year demand rose by 3 per cent. but this year the manufacturers are expecting a decline of between 2 and 3 per cent.

The cheaper end of the instant bid to maintain sales. Nestlé is expecting to spend £1m. in the last four months of this year on above- and below-the-line promotion, while General Foods has recently relaunched its Maxwell House brand. Brooke Bond is continuing to promote its Brazilian Blend heavily and is putting a lot of money below the line in an attempt to undercut both its branded competitors and the own-label instant coffees.

Last year Nestlé, which in the mid-sixties managed to get a strong hold on the premium end of the market with its Gold Blend and Blend 37 brands, started testing a product to compete at the bottom end of the market with Brazilian Blend and own-label. The product was not, however, a straight imitation of the other brands. Selling under the name Nescore, it is a blend of coffee and chicory. Now distributed in the Midlands, London and the South of England, it has between 2 and 3 per cent. of the national market and Nestlé is hoping that when it is available nationally, Nescore will achieve a share of around 5 per cent.



70m. cups are drunk every day and though tea still supreme, the gap between tea and coffee has narrowed considerably over the years. At one time the British drinking seven cups of tea to one of coffee. Now it is only three and a half cups of tea to one of coffee. A mid-morning tea-break has transformed into an afternoon coffee break.

A question now must be asked: will the British will continue to switch to coffee in the the unprecedented price rise? Whether coffee has now reached saturation point on the market. So far this demand has held up better than expected despite a 50 per cent. increase in the retail price of instant coffee. Even so, it is expected to be down whole of the year. And it will be the first sustained demand since coffee was used commercially in this country.

In the 1980s demand is expected to be a generation of teenagers who had started drinking in coffee-bars, began serving at home. Annual increases of well over 20 per cent. common and Nescafé—the powdered coffee sold in this country—became a staple item. By 1980 Nestlé's own brand, General Foods' Maxwell House brand, and its own-label products, were expected to be the mainstay of the market.

growth continued in the 1980s though the rate of increase was down to 1 per cent. a year by 1989. However, the market had become fragmented with the introduction of freeze-dried coffee in 1965—a fragmentation which has continued into the 1980s as the major manufacturers have looked for ways of regaining sales back from the own-label products.

Rather to their surprise demand held up well in the first months of 1976. Possibly because housewives were themselves stocking up in anticipation of further price rises, increases of between 6 and 7 per cent. on the previous year were recorded during the spring. But in the summer the market went into reverse. The combination of hot weather and price rises led to a drop in consumption in the middle of the year of around 8 per cent.

Since then sales have picked up again but with further price increases in the pipeline, it seems unlikely they will recover—though with the Government's subsidy on tea reduced, the price increases on coffee are to some extent being matched by higher tea prices. Already this year, the cost of a four-ounce jar of Nescafé has risen from 40p to nearer 60p, with 10p being put on the price in one increase alone in January. Another 10p or 12p is expected to be put on before the end of the year, and given the present state of the world coffee market, it seems highly unlikely that this will be the end of the increases.

In this situation it is not surprising that all the major manufacturers are going all out on advertising and promotion in a

coffee market could well be the growth area next year if housewives trade down to blunt the effect of the price rises. Once the winners in this situation would have been largely the own-label brands, but as a result of the fragmentation which has taken place in the market, all the major manufacturers are now represented in this sector.

In 1972 both Nestlé and General Foods launched "mild" brands pitched at a slightly lower price than the two biggest selling brands, Nescafé and Maxwell House. Then two years ago Brooke Bond, which had previously had a rather difficult time in the coffee market with its Crown Cup brand, launched Brazilian Blend to try to fill what it thought was a gap in the market below the established brands in terms of prices.

Partly as a result of heavy price cutting, Brooke Bond has managed to get about 7 per cent. of the total instant coffee market. Though this is a relatively small share when compared to Nestlé's 40 per cent. and General Foods' 21 per cent., it demonstrated that there was room for a cheaper branded coffee selling along with the retailers' own brands which currently take about 31 per cent. of the market.

### Export

Nestlé is also trying to build up its export business. This is particularly important on the freeze dried side because, if as expected, the premium end of the market suffers in this country as a result of price rises, the company will need to get extra sales abroad to fill the capacity in its factories.

The British consumer is not, of course, alone in facing higher coffee prices. But in some markets, where fresh coffee is still the staple drink, the higher prices could result in a switch to the cheaper soluble varieties. In Brazil, for example, instant coffees are a growing sector of the grocery market.

The Brazilian Government takes the view that international coffee is still good value compared to other beverages and that consumption will not fall. The British manufacturers also seem to think that consumers will tolerate some price increases without reducing consumption significantly—though they may tend to buy cheaper brands. But if the price continues to escalate, they may have to take a more pessimistic view about the future. It seems unlikely that the market will decline as rapidly as it grew but some housewives may start replacing the cup of coffee with tea.

What does seem certain is that the manufacturers, which have become accustomed to growth, are going to have to adapt themselves to, at best, a virtually static sales situation with any extra business coming not from additional coffee drinkers, but from a competitor.

Elinor Goodman

## Trade campaign needed to bolster demand

THE coming year was set at 55m. bags at the most. This figure falls in line with the average for the six years given above. What final demand is likely to be depends on how far prices rise and, at the best, the coffee trade hopes to retain its present volume rather than hope that coffee consumption and, therefore, demand will increase. But to maintain this level of demand a vigorous promotion campaign seems necessary.

The main danger to the coffee industry comes from the soft drinks area, where much money and time is spent on promoting and advertising the product. It is to soft drinks, especially in summer, that the younger age groups are turning, especially the 18 to 25 group and even the 25 to 32 group.

To convince the housewife that in real terms coffee is still cheap seems a hopeless task. Promotion would have to be of a more subtle nature and must go further, aiming at the day when the shortage is over and coffee again becomes abundant. In other words it must aim at holding present demand levels rather than increasing them.

Television and newspaper advertising are still the vehicles for generic advertising. The ICO will have \$26m. in the next two years to help such efforts. But the trade in individual importing countries also must pitch in with at least an equal amount. It is no good expecting the producers to foot the bill because prices are high and they are making money. The importers, roasters, and distributors are much nearer to the market and closer to the housewife's reactions than are growers in distant lands.

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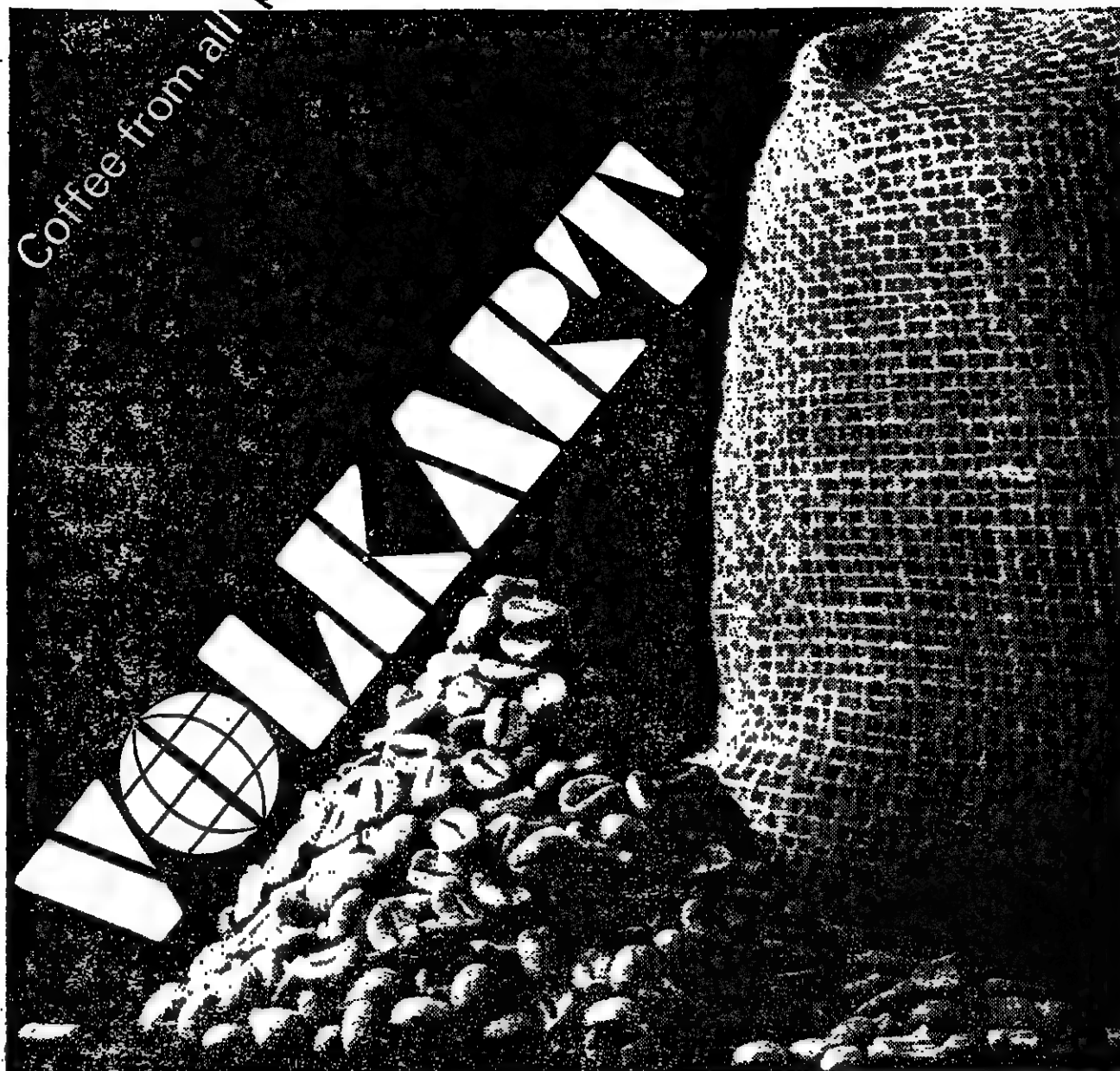
Leonard Kirschen

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# WALL STREET + OVERSEAS MARKETS

## Early 14.6 fall on economic fears

BY OUR WALL STREET CORRESPONDENT

FURTHER SHARP losses were recorded on Wall Street today, attributed to continuing worries over the soundness of the economy and concern over the outcome of the Presidential Election.

By 1 p.m. the Dow Jones Industrial Average dropped another 14.6 to 937.73 and the NYSE All Common Index gave way 69 cents to 534.16, while declines overwhelmed advances by more than a 100.

Closing prices and market reports were not available for this edition.

Five-to-nine majority, but the trading volume was light at 9.04m. Shares, held down by the Columbus Day holiday with Banks closed.

Depressing the market was the rejection by skilled Ford Motor workers of the new three-year contract proposal at the company's largest local. The proposed contract, must be approved by separate majorities of skilled and unskilled workers. Ford gave way \$1 to \$56.2.

**FRIDAY'S ACTIVE STOCKS**

Stocks	Change
General Motors	+1.00
Ford Motor	-1.00
IBM	+0.25
AT&T	+0.12
Am. Tel. & Tel.	+0.12
Am. Express	+0.12
Am. Oil	+0.12
Am. Gas	+0.12
Am. Sugar	+0.12
Am. Tobacco	+0.12
Am. Textile	+0.12
Am. Chemical	+0.12
Am. Pharmaceutical	+0.12
Am. Electronics	+0.12
Am. Aerospace	+0.12
Am. Defense	+0.12
Am. Energy	+0.12
Am. Utilities	+0.12
Am. Real Estate	+0.12
Am. Insurance	+0.12
Am. Banking	+0.12
Am. Finance	+0.12
Am. Services	+0.12
Am. Retail	+0.12
Am. Food	+0.12
Am. Beverage	+0.12
Am. Entertainment	+0.12
Am. Media	+0.12
Am. Communications	+0.12
Am. Transportation	+0.12
Am. Infrastructure	+0.12
Am. Environmental	+0.12
Am. Health Care	+0.12
Am. Biotechnology	+0.12
Am. Space	+0.12
Am. Defense	+0.12
Am. Aerospace	+0.12
Am. Energy	+0.12
Am. Utilities	+0.12
Am. Real Estate	+0.12
Am. Insurance	+0.12
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Am. Transportation	+0.12
Am. Infrastructure	+0.12
Am. Environmental	+0.12
Am. Health Care	+0.12
Am. Biotechnology	+0.12
Am. Space	+0.12

Owens-Illinois fell \$2 to \$53.25 on lower third quarter earnings. NCA dipped \$1 to \$89.1, although it introduced a new generation of retail terminals.

Servation were off \$1 to \$13.75, a tender offer expired for its own shares at \$17.50 each.

Air Products lost \$1 to \$12.37, while Digital Equipment Corp. fell \$1 to \$13.13. Cities Service \$1 to \$53.1, Coca-Cola \$1 to \$34.1 and Envtrotech \$1 to \$30.1.

Monsanto surrendered \$1 to \$80.1 on its prediction of flat third quarter earnings.

Telecom dropped \$3 to \$71.1, it was named in a class action suit for alleged error in a tender offer for its own shares.

Inland Container declined \$1 to \$62.1, while Pacific \$1 to \$58.1.

Buffalo Forge, however, rose \$1 to \$23.1 following nine-month earnings of \$2.47 per share.

**MARKETS CLOSED**

The following markets were closed yesterday: Canada for Columbus Day.

Thanksgiving Day: Japan—Health and Sports Day and South Africa—Kruger Day.

New York, Coffee, Sugar, Cocoa, Natural Rubber and U.S. Banks were also closed for Columbus Day.

**OTHER MARKETS**

**Paris down**

French shares declined across the board in light trading on the Paris Bourse yesterday, although there was an absence of any large scale sales. All groups were affected.

Internationals were also marked down.

**BRUSSELS**—Prices declined over a wide front in moderate trading. Among generally lower Belgians, issues, Steels fell, Metals tumbled. Chemicals gave ground, as did Holdings. Oils were lower, while Electricals and Utilities were mixed.

U.S. stocks also declined, the French sector was generally lower, as were Dutch and German shares.

**AMSTERDAM**—Sharply lower. Banks and Insurance were ready, however, most transportations declined. Holland-America Line shed \$1.50, KLM \$1.10, Van Ommen \$1.30 and Shipping Union \$1.40.

Most Dutch Industrials gave way. Ahold Supermarkets lost \$1.10, Bols \$1.50, Van Gelder Paper-Mills \$1.30, Pak. Holding \$1.10 and KSV Shipbuilding \$1.30.

Bonds gained an average of \$1.50 to \$1.1.

**SWITZERLAND**—Most Swiss issues declined slightly in slow trading.

Banks and Industrials eased, Insurance and Chemicals were mixed, while Financials were steady.

Brown Boveri weakened \$1.35 on rumors it may cede its energy production department to a French company.

U.S. stocks were below Friday's Wall Street levels in moderate trading. Other Foreign issues also declined.

**GERMANY**—Shares fell to new 1975 lows, partly under the influence of Wall Street and partly on renewed pessimism over the future for German exports.

Export-oriented issues, including Motors and Engineering, lost to Dm.8.50. Chemicals, Steels, Electricals and Banking shares were down to Dm.10.

Selling pressure eased on the Domestic Bond Market and the regulatory Authorities bought only Dm.1.6m. nominal of stock. Foreign Bank Loans were mixed.

**MILAN**—Prices dropped an average of 3 per cent, and the index came closer to lows for the past 18 years as massive sales dominated throughout.

The fall was caused by the Government's decision to raise to 50 per cent, from 30 per cent, the tax on stocks dividends—the so-called Cedolare Secca.

**VIRNA**—Leading Banks edged slightly lower.

Capogruppi—Generally lower in moderate trading. But Banks were fractionally higher.

**OSLO**—Industrials were easier. Insurance and Shipping were quiet, while Bankings were barely steady.

**HONG KONG**—Sharply lower in decreased trading and most leading stocks closed at their lowest for the day.

Hong Kong Bank were down 40 cents to \$HK1.20, Hong Kong Land 20 cents to \$HK0.75, Hutchison 70 cents to \$HK3.10, Wharfedale 21 cents to \$HK0.22, Jardine 30 cents to \$HK1.70, Swire Pacific "A" 30 cents to \$HK0.45, Hong Kong Electric 10 cents to \$HK0.25, China Light 60 cents to \$HK3.00 and Hong Kong and Kowloon Wharf 30 cents to \$HK1.60.

**AUSTRALIA**—A wave of selling gave markets their worst day since the August Budget. The selling was attributed to sympathy with shaky markets of London and New York, falling commodity prices and the higher cost of money.

BHP fell 20 cents to \$A2.30 and the Rights were down 32 cents to \$A2.95. Banks New South Wales lost 10 cents to \$A4.90 and the Rights 12 cents to \$A1.25.

Apart from the market leaders the rest of the affected groups were down. Building Materials, Transport and Packaging groups. Among Mines, MIM were down 10 cents to \$A2.05, CRA 10 cents to \$A2.75, BHP 10 cents to \$A2.30, BHP 10 cents to \$A2.30, BHP 10 cents to \$A2.30.

Lead Zincs were also lower, as were Uranium and Coals.

**NOTES**—Overseas prices shown below are after withholding tax.

DMs down, unless otherwise stated.

£s down, unless otherwise stated.

¥s down, unless otherwise stated.

₹s down, unless otherwise stated.

₱s down, unless otherwise stated.

₮s down, unless otherwise stated.

₦s down, unless otherwise stated.

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**NEW YORK, Oct. 11**

Sterling lost a little ground premium over its gold content narrowed to 2.72 per cent, from 4.49 per cent, for domestic delivery and to 3.39 per cent, from 4.05 per cent, in the international market.

There was no evidence of any intervention by the authorities. After opening at \$1.6550-1.6600 in terms of the dollar the pound drifted down to a low point of \$1.6540-1.6550 and was depressed by disappointment over the latest wholesale prices index. Some commercial demand in the afternoon helped sterling to recover.

European currencies were generally steady, but the French franc was weak, closing at Fr.Frs.497 against the dollar, compared with Fr.Frs.497.5 on Friday.

U.S. banks were closed for a public holiday and the dollar's value was depressed by the figure since the Washington Agreement was not available from Morgan Guaranty of New York.

Gold gained \$1 to close at \$141.115, after a moderate daily trading. The Kruggerand was at \$141.115.

Forward sterling was slightly firmer, with the three-month discount against the dollar narrowing to 5.201 cents from 5.35 cents.

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U.S. banks were closed for a public holiday and the dollar's value was depressed by the figure since the Washington Agreement was not available from Morgan Guaranty of New York.

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**STERLING**—Sterling lost a little ground premium over its gold content narrowed to 2.72 per cent, from 4.49 per cent, for domestic delivery and to 3.39 per cent, from 4.05 per cent, in the international market.

There was no evidence of any intervention by the authorities. After opening at \$1.6550-1.6600 in terms of the dollar the pound drifted down to a low point of \$1.6540-1.6550 and was depressed by disappointment over the latest wholesale prices index. Some commercial demand in the afternoon helped sterling to recover.

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# ite buffer ock an urged

**DACCA, Oct. 11.** A FREE-DAY UN-sponsored conference held by the late pro-nations called for an in-ally-operated buffer of jute and jute goods to export prices and im-competition, reports.

Delegates, who were richer would lift tariff barriers, reduce the freight costs of jute goods, and will be put to the multi-trade negotiations in from October 25.

While it was reported from a that Indian jute produc-expected to rise this year, Mr. S. N. Chakravorty, jute Commissioner, said that India will not import any jute this year, of surplus stock created good crop. Last year India 400,000 bales from

## ool stocks up Australia

**MELBOURNE, Oct. 11.** RETAIL sales in jute wool textile produc- have caused a build-up of over the past two months, Australian Wool Corporation said in its September Perspective publication.

But production early stages of wool tex-manufacture has continued

## ru anchovy pects good

**LIMA, Oct. 11.** TIONS FOR full-sea-ly fishing are favourable his year's catch target of 10,000 tons, Peru's Fisheries Minister, Mario Egui said here.

But production is still limited to tory operations and no has been fixed for the start full season, he added.

Targets are met Peru will 80 per cent of the im- of fishmeal it expects to this year.

# Copper leads further metal market plunge

**LONDON METAL** markets suffered another "bloodbath" yesterday, with heavy losses in copper leading a general steep downward trend. Cash copper wirebars lost 55s to 273s a tonne—its lowest level since the end of March. It has now lost over £100 in the past week alone.

Cash zinc plummeted by 22s.25 to a February low of 277s.5 a tonne. Cash tin fell by 27s.5 to 24,765 a tonne and cash lead by 5s.75 to 271s.5 a tonne.

An unexpectedly large rise in copper stocks held in LME warehouses—up by 4,225 tonnes to a record total of 544,178 tonnes—helped depress sentiment in the market, already completely lack- ing in confidence both in London and New York.

Following the price cut announced by U.S. copper producers last week from 74 to 70 cents, the New York copper market has fallen sharply with the December position collapsing again yesterday to 56.50 cents a pound.

This reflects the general lack of consumer demand for copper as a result of buyers' over-anticipation of a recovery in industrial activity that has failed to materialise.

The London copper market has been additionally hit by the sudden jump in U.S. interest rates last week, which has forced a widening in the contango.

Others are being encouraged to liquidate their holdings as well in view of the apparently poor prospects for demand and the loss entailed in keeping capital tied up in a depreciating asset, with a negative return. Fully it is felt that the prop of the continuing fall in the value of sterling has been removed to a large extent.

Other metals have come under similar pressure and reacted accordingly to their supply-demand situation. Zinc has been hard hit because demand remains very sluggish and stocks in the LME warehouses have increased rapidly to record levels, with another rise last week of 4,300 tonnes to 108,350 tonnes.

## U.S. maize estimates reduced

**PRIVATE CROP** forecaster, Conrad Leslie, has estimated the 1976 U.S. maize crop at 3,890,180,000 bushels, based on conditions at October 11 and the soybean crop at 1,233,228,000 bushels, reports Reuters.

The maize estimate compares with last month's U.S. Department of Agriculture (USDA) estimate of 5,891,823,000 bushels and the Leslie indications then for 5,893,252,000 bushels. Last

## Record USSR sugar crop

**MOSCOW, Oct. 11.** In Paris meanwhile the French Sugar Beet Planters Association said it has raised its estimate of total 1976-77 French sugar production to 2.5m. tonnes from 2.2m. Last year's output was 2.97m. tonnes.

It said September rainfall brought a significant gain in beet weight and leaf growth offsetting a fall in sugar content.

In London the Ministry of Agriculture said the U.K. sugar beet crop continues to grow, although yields are likely to be low and there are instances of virus yellows in the northern region.

# New peaks for coffee and cocoa

**LONDON TERMINAL** market cocoa values closed at record levels yesterday, with the March position at £1,533.5 a tonne, 33s.25 above the previous level.

Prices had been expected to open 15s-20 higher based on New York's late rise on Friday. The actual opening level was only 11s higher but trade buying soon brought a 20s permissible limit advance.

The "bullish" sentiment was maintained when the market reopened after the statutory 15-minute break in trading. The March position reached £1,533.5 a tonne and the limit was 20s. At this point, however, the momentum slackened and values fell back around £10 before steadying again near the close.

Beleers said the early rise was aided by anticipation of the U.S. third-quarter grinding figure, which is due out today, and predictions of a lower-than-expected opening Ghana main crop purchase figure.

But the purchase figure was actually declared at 23,597 tonnes—at the higher end of the forecast range. First-week purchases last year amounted to 21,512 tonnes.

Coffee values again moved up to new all-time highs despite the absence of significant fundamental news. By the close the January futures position had reached £1,944.5 a tonne, up 44s.5 on the day.

The Soviet Union has in-creased the clause in its softwood contracts with U.K. importers which provided for the re-negotiation of these contracts if the value of sterling dropped below 50s.50.

This is the second time this year that the Russian contracts have been re-negotiated because of the falling pound; the first time was in April when the clause point was 51.85.

It is estimated that between 350,000 and 400,000 cubic metres of wood are affected out of a total of 1.6m. cubic metres. The price rises for the four main qualities range from 17 per cent to 23 per cent.

Nevertheless U.K. importers have accepted the terms for their outstanding shipments as the wood is still good value when compared with similar stocks from Scandinavia.

## Timber from Soviet Union costs more

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## AGRICULTURE ECONOMIC REPORTS

# Two calls for green pound devaluation

By Peter Bullen

TWO REPORTS published yesterday advanced devaluation of the "green pound" to boost farm income in Britain and to increase export earnings from home.

One was a report by the Agricultural Economic Development Committee to the full National Economic Development Council which said there was an urgent need for more financial resources for farming to overcome immediate problems and ensure future expansion.

The other was a "Outlook for Agriculture"—a major policy document produced by the National Union of Agricultural and Allied Workers. This stated that while recognising that such a step would inevitably raise food prices the union favoured a green pound devaluation in the interests of a more profitable home agriculture.

Not unexpectedly in view of the Cabinet's recent stand on the EEC, the agricultural "little green" movement of a green pound devaluation received no endorsement from the full NEDC.

## Impression

But other points in their report probably made more impression particularly the estimate that U.K. farming could cut the national food import bill by £650m. a year by 1980 given the right conditions.

One way of ensuring the right conditions suggested was a lessening of the burden of "capital taxation which was reducing farmers' confidence in investing in the industry."

Preliminary work suggested a cause for concern about the cumulative effect on an industry which consists almost entirely of family businesses and tends to be more capital intensive than other privately owned industries or "business" firms.

The other key factor in getting the industry back on an expan-

sion course was in reducing risks from weather and disease. Investment in on-farm reservoirs and similar schemes should be increased with Government help.

It stated that the Ministry of Agriculture has already announced increased grant aid over the next year and the Government should put greater emphasis on a national policy for water conservation and procurement.

A sombre note in their policy document. A foreword to the 38-page report states:

"This document is being issued at a time when there is much worry about food. Its mounting cost is becoming increasingly hard on pensioners and low income families. And there is growing concern that—despite EEC and other surpluses—the acute shortage which for years in global terms has been endemic will return to this country in the not too distant future."

## Impact

Possible solutions to these enormous problems would have made a stronger impact than just the points of the problem. Occasionally the union and farmers are obviously allied in their points of view—the defence of Britain's producer marketing Boards and the devaluation of the green pound are just two examples.

Other passages will strike a chill in the hearts of employers (though). For instance, the NUAAW's agreement with the proposal for full rates of agricultural land and its call for the public ownership of farmland on the grounds that it is preferable for the land to be owned by the people than for it to be gradually taken over by the institutions "as is happening now."

One of the benefits of public ownership of land, it adds, would be to eliminate indifferent farmers where essential. A chilling thought indeed!

# Chemical shortage fears 'exaggerated'

By David Egli

FEARS of a world-wide shortage of essential raw materials for the chemical industry are exaggerated, according to a group of experts convened here by the UN Economic Commission for Europe.

Petroleum related raw materials—natural gas, naphtha and gas oil—are expected to

show the highest average annual growth rates in the period up to 1980, but despite lower growth rates for the five key inorganic raw materials selected for the study—potash, phosphates, rock, sulphur, titanium ore and cellulose—production is expected to keep in line with demand.

With fertilisers as its dominant component, the inorganic chemical industry has for many years grown more slowly than the organic chemical sector.

Production of potash is expected to show a growth rate of around 5.5 per cent annually until 1980.

## COMMODITY MARKET REPORTS AND PRICES

SE METALS			
Gold	1,000 oz.	£1,000.00	1,000.00
Silver	100 oz.	£100.00	100.00
Copper	100 lb.	£100.00	100.00
Zinc	100 lb.	£100.00	100.00
Lead	100 lb.	£100.00	100.00
Aluminium	100 lb.	£100.00	100.00
Iron	100 lb.	£100.00	100.00
Steel	100 lb.	£100.00	100.00
Coal	100 lb.	£100.00	100.00
Oil	100 lb.	£100.00	100.00
Gas	100 lb.	£100.00	100.00
Wheat	100 lb.	£100.00	100.00
Barley	100 lb.	£100.00	100.00
Oats	100 lb.	£100.00	100.00
Rye	100 lb.	£100.00	100.00
Millet	100 lb.	£100.00	100.00
Sorghum	100 lb.	£100.00	100.00
Buckwheat	100 lb.	£100.00	100.00
Maize	100 lb.	£100.00	100.00
Wheat	100 lb.	£100.00	100.00
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Buckwheat	100 lb.	£100.00	100.00
Maize	100 lb.	£100.00	100.00

## PRICE CHANGES

Commodity	Unit	Price	Change
Gold	1,000 oz.	£1,000.00	0.00
Silver	100 oz.	£100.00	0.00
Copper	100 lb.	£100.00	0.00
Zinc	100 lb.	£100.00	0.00
Lead	100 lb.	£100.00	0.00
Aluminium	100 lb.	£100.00	0.00
Iron	100 lb.	£100.00	0.00
Steel	100 lb.	£100.00	0.00
Coal	100 lb.	£100.00	0.00
Oil	100 lb.	£100.00	0.00
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Millet	100 lb.	£100.00	0.00
Sorghum	100 lb.	£100.00	0.00
Buckwheat	100 lb.	£100.00	0.00
Maize	100 lb.	£100.00	0.00

## Third world meat output boost urged

**ROME, Oct. 11.** THE INTER-GOVERNMENTAL Group on Meat of the Food and Agriculture Organisation (FAO) has adopted guidelines for international co-operation in the livestock and meat sectors, a goal has worked to reach for the past three years.

The broad objectives of the guidelines, the group agreed, should be to secure a balanced expansion in meat production and consumption, particularly in countries with animal protein deficiency—and trade.

"The attainment of this objective should be beneficial to both producers and consumers and should create equitable conditions for sustaining the development of developing countries," the group said.

## Specific

Supporting countries to develop their livestock and meat industry so as to help develop fully their production potential. Improving consumption and nutritional levels and promoting the efficiency of meat production and marketing, as well as the overall conditions of international trade in meat.

Mitigating the impact of market instability on the incomes and foreign exchange earnings of countries engaged in international trade in livestock and meat and in particular of the developing countries.

Encouraging greater participation of developing countries in the international trade of meat.

L.G. Index 01-381 2466 Three months Copper 788-776

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## Fresh reaction awaiting outcome of economic debate

### Share index down 6.6 at 286.1—Glaxo results please

in shares were nowhere near as heavy as those sustained last week. Of the leaders, Land Securities lost another 3 at 97p, while British Land, 13p, and English Property, 25p, were only a

**Oils dull**  
The Oil market tended to drift lower in fairly quiet trading for much of the day, but the fall in the price of oil affected the market for Petroleum Products. To leave British Petroleum 12 down at 568p. Shell closed 10 lower at 533p, while Royal Dutch declined 13 points to 571. In front of B.P.'s interim statement, Shell was expected to be one of the others to sustain falls included Ultramar, 8 off at 102p, LASMO/SCOT issues, 15 lower at 240p, and Siebens (U.K.), 10 down at 200p. Overseas Indulgences left 10 lower at 100p, while Woodside-Burmah 6 easier at 102p, and the party-pool shares 8 down at 73p. Berry Wiggins were an insulated firm spot following Press comment, gaining 1p at 25p.

included Lounho, 5 off at 58p, S. and W. Beristord, 7 down at 110p, and Gill and Duffus, 4 easier at 133p. Peterson Zochonis issues, however, rallied a modest 5 for the Ordinary at 115p, and the

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST		Monday, Oct. 11		Friday, Oct. 8	Thurs. Oct. 7	Wed. Oct. 6	Tuesday, Oct. 5	Monday, Oct. 4	Friday, Oct. 1	Thurs. Sept. 30	Year ago (approx.)	1976		Share Composition		
		Index No.	Yield %									High	Low	High	Low	
1	Consols 2½% yield	—	15.55	15.53	15.40	15.05	14.85	14.95	14.91	14.90	14.86	—	—	—	—	
2	20-yr. Govt. Stocks (6)...	48.69	116.10	42.90	43.38	44.58	45.07	45.30	45.11	45.29	47.37	55.45	42.90	115.42	38.27	
3	20-yr. Red. Deb. & Loans (15)	44.06	116.65	43.81	44.49	46.27	46.61	46.55	46.76	46.72	46.85	62.40	43.81	115.43	37.01	
4	Investment Trust Pref. (15)...	41.54	16.74	40.54	41.85	44.09	44.55	44.12	44.42	44.72	45.84	51.25	40.54	114.41	56.45	
5	Coml. and Indl. Pref. (20)...	56.01	17.68	54.89	55.94	60.01	60.05	60.87	61.47	61.88	61.16	71.97	54.89	114.96	47.67	
												115.25	12.10	37.18	61.75	
Section or Group		Base Date	Base Value	Section or Group		Base Date	Base Value	A flat of the constituents of the FT/Asiatic Shares Index is given available from the Financial Times, Bracken House, Cannon Street, London, EC6P 8RY, price 1p. By post 25p.								
Overseas Traders		31/12/74	120.00	Food Retailing		29/12/67	64.47	A record of the indices, cost £30, is obtainable from FT Securities Exchange, 18, Rouse Powell Lane, ECL.								
Engineering (Heavy)		31/12/71	153.94	Insurance Brokers		29/12/67	100.00	It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1952 with quarterly highs and lows. Dividend and								
Engineering (General)		31/12/71	154.76	Mining Finance		30/12/62	100.00									
Wires and Spools		31/12/70	147.75	All Other		30/12/62	100.00									
Tires and Gases		31/12/70	147.75													
Electricity		31/12/70	147.75													
Industrial Group		31/12/70	121.20													
Non-ferrous Financial		31/12/70	121.20													

6 cent, 100-month 145-145 per cent  
 cent, 100-month 145-145 per cent  
 12-14 per cent, also three-month  
 cent, from October 1, 1974. Closing  
 World Bank Rate for lending 12-14

Atlantic Assurance Inc. 75  
 Cancon Assurance Inc. 11  
 Address shown under Insurance  
 Property Bond table.

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Losses of 10 were seen in Glanfield Securities, 118p, and the Australian Lease Lend, 275p, while Warford Investment shed 5 to 115p, and Barratt Developments 3 to 61p. Peachey continued in reverse at 32p, down 1½, but newspaper mention aided Regional

others to sustain falls included Ultramar, 8 off at 102p, LASMO/SCOT issues, 15 lower at 240p, and Siebens (U.K.), 10 down at 80p. Overseas influences left Woodside-Burmah 6 easier at 120p, and the partly-paid shares 3 down

at 133p. Paterson Zochonis issues, however, rallied a modest 5 for the Ordinary at 115p, and the "A." at 110p.

Investment Trusts tended lower. Estate Duties receded 7 to 170p and Yeoman gave up 8 to

Shippings passed a quiet ses-

## STOCKS

3*	—	13*	41*
384	— 11	390	234
374	— 5	402	274
363	— 2	266	160
332	— 4	360	228
47	— 3	95	47
52	— 5	272	180

EMI, Marks and Spencer, Charter-  
Finance, Berry Wiggins, Land  
Securities, Tricentrol, National  
Westminster Bank Warrants, J.  
Jones Grand Metropolitan, and

Warrant	7	Int. Europe	7
O'Old	11	Land Securities	14
sey	7	MEPC	7
L.M.	8	Panama	4
Org. 'A'	18	Ramsey Proj.	43
Int'l	23	Town & City	21
role	11		
humans	4	Oil	

Chlorophyll	40	Huang Chao Chang	12	ON
Flavonoids	48	Huang Chen An	15	Pt
Carotenoids	6	Liu Jie	19	Md
		Rio T. Zinc	18	Ka
		Wenwu Ming	7	
Total	312			

the authorities, however, and these were only partly offset by an increase of Government disbursements over revenue payments to the Exchequer.

the early part and rates ranged between 13½ per cent. and 14½ per cent., before closing in the region 14-14½ per cent.

[illegible]

44

10

The initial fall in the price, although it later receded to end the day 50 cents \$114.625, coupled with the of Cape markets for Kruger dampened enthusiasm in African Gold. The Gold

to a year's low of 143p. But of the latest Selcast drilling results, however, left Selcast Trust 5 higher at 375p.

A combination of the metal price and premium

KUWAIT, Oct. 10 (AP)—The upward trend in production will continue until the December meeting of OPEC in Qatar.

A scramble by foreign buyers to build oil stocks before the expected price increase, and a reduction of the price of Kuwaiti crude last May from \$11.25 to \$11.23 a barrel.

Allied Irish Banks Ltd.	1
American Express Bank	1
Anglo-Portuguese Bank	1
Henry Ansbacher .....	1
Banco de Bilbao .....	1
Bank of Cyprus	1

■ Brown Shipley .....	14
Canada Permanent AFI .....	12
Capital C & C Fin. Ltd. ....	13
Cayzer, Bowater Co. Ltd. ....	14
Cedar Holdings .....	12
■ Charterhouse Japhet ...	14

Bureau Lawrie .....	19
Eagil Trust .....	19
English Transcont. ....	14
First London Secs.....	13
Antony Gibbs .....	15
Goode Durrant Trust...	14
Greyhound Guaranty....	17

Hongkong & Shanghai	1
Industrial Bank of Scot.	1
Keyser Ullmann .....	1
Knowles & Co. Ltd. ...	1
Lloyds Bank .....	1
London & European ...	1
London Mercantile .....	1

F. S. Nelson & Co. ...	13
Rossminster Accept'es.	13
Royal Bk. Canada Trust.	13
Schlesinger Limited ...	14
E. S. Schwab .....	15
Security Trust Co. Ltd.	15
Shenley Trust .....	16

Members of the Accepting-Bo  
Committee:  
7-day deposits 10 1/2%, 1-month dep  
10 1/2%  
7-day deposits on sums of \$10,000  
under 10 1/2%, up to \$25,000 10 1/2%  
over \$25,000 11 1/2%

**CORAL INDEX**  
**Close 178-254**

### RATES

Atlantic Assurance	12
Cannon Assurance	11

Adverts shown under Insurance  
Property Bond table.

1



[illegible]

## INSURANCE, PROPERTY, BONDS

[illegible]

## OFFSHORE AND OVERSEAS FUNDS

[illegible]











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## FINANCIAL TIMES

Tuesday October 12 1976

Top quality  
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'arrested after coup bid'

BY COLINA McDUGALL

MADAME CHIANG Ching, widow of the late Chairman Mao Tse-tung, and three other leading radicals in the Chinese Communist Party, are under house arrest following an attempted coup against the new leadership, according to unconfirmed reports from Peking.

The reports are supported only by circumstantial evidence which suggests that the power struggle which surfaced within the leadership before Chairman Mao died has since intensified.

Reports of the coup make no mention of whether violence was used. In the meantime it became clear in the Chinese capital that the new team which appears to have come out on top consists of Hua Kuo-feng, who is believed to be the new acting chairman of the party and Mao's successor, and a leading moderate, Li Hsien-nien, who appears to have taken over the functions of Prime Minister.

The reports say that the four leaders of the radical group under arrest are Chairman Mao's widow Chiang Ching, Party vice-chairman Wang Hung-wen, Vice-Premier Chang Chun-chiao and Politburo member Yao Wen-yuan. While so far there is no concrete evidence to support this, there have also been unconfirmed reports of troop concentrations in Peking.

There have also been fresh wall posters seen in the capital urging

people to support the army, while Peking Radio has constantly re-broadcast the important editorial which appeared on Sunday in China's three major publications. This editorial reiterated Chairman Mao's injunction to "unite and don't split, be open and above board and don't intrigue and conspire."

A special correspondent in Peking reports: News of the upheaval emerged this afternoon following a welcome ceremony for Mr. Michael Somare, Prime Minister of Papua, New Guinea, at Peking Airport.

Mr. Somare, visiting China at the invitation of the Chinese Government, was greeted by Hua Kuo-feng, now believed to be acting chairman of the Chinese Communist Party in succession to Mao Tse-tung, though an official announcement of his appointment has yet to be made, and by Li Hsien-nien, senior Vice-Premier in charge of financial and economic affairs.

Mr. Li, a known moderate, who was attacked by Red Guards as a "capitalist roadster" during the Cultural Revolution, fulfilled the role normally assigned to the Chinese Prime Minister. He accompanied Mr. Somare in the motorcade from the airport to his guest house in place of Mr. Hua.

On the face of it their appearance this afternoon to-

gether would indicate that the partnership of the late Chairman Mao and the late Premier Chou En-lai has been replaced by a moderate duo of Hua as party chairman and Li as Premier, while the radicals in the party have been purged or at least submerged. Airport welcomes are important occasions when who appears and who does not usually has some significance.

Chinese officials at Peking Airport, questioned about the roles of Hua and Li, said they were present in their capacity as Prime Minister and senior Vice-Premier respectively, indicating there was no change in their status.

**Semantics**  
A confused picture has been further clouded by a New China News Agency report that Vice-Premier Li Hsien-nien held talks with Mr. Somare, again a task usually falling to the Chinese Prime Minister.

The new prominence given to Mr. Li despite his unchanged role and the Chinese leader's repeated refusal to the fact that the party's Central Committee was now headed by Comrade Hua Kuo-feng suggests that the leadership is now indulging in a game of semantics.

Doubtful about the capacity of the Chinese to accept any name but Mao's as party chairman, they have given Hua the

job without the title. Wall posters, which have unprecedently gone up in Peking supporting the choice of Hua as party chairman before an official announcement, and the delay in making an announcement are open to any number of interpretations. Either the Central Committee has been unable to agree on a replacement premier for Hua, or, as one diplomatic observer said, posters supporting his appointment may have been put up by the Shanghai radical group, leading news in advance to embarrass Hua.

The wholly confused picture should be clarified during Mr. Somare's visit. He is the first foreign leader to arrive in Peking since the death of Mao and the first to have talks with Chinese leaders, on this occasion for the purpose of establishing diplomatic relations between the two countries.

The identity of the Chinese leader who gives the welcoming speech for Mr. Somare at a banquet to-night will go some way towards establishing the position of the team to lead China in the post-Mao era. If the partnership of party chairman and Prime Minister does consist of Mr. Hua and Mr. Li, whatever titles they are to be given in the interests of preserving the image of a once-and-for-allways party chairman, Mao Tse-tung, the radicals will have been dealt a crushing blow.

S.E.  
ballot  
on options  
expected

BY MARGARET REID

A VOTE of the Stock Exchange's 4,100 members is expected in December to decide whether to embark on the controversial firm project for a traded options market. A 75 per cent majority of those voting will be needed to secure approval for the scheme, since an alteration in the Stock Exchange's deed of settlement would be involved. One or two prominent members of the Exchange yesterday estimated the chances of a favourable vote at no more than 50:50.

Major issues which the Stock Exchange has decided in recent years by voting have been the admission of women members and the establishment of a united British Stock Exchange. Introduction of advertising was settled by a vote, as was the reintroduction of a limited form of option trading in the 1950s.

Before the poll on options is launched the Stock Exchange Council is expected to consider a prospectus document to test the degree of financial backing that exists for a traded options market. This may be done as soon as November 2.

This document would invite member firms to subscribe for some 250 seats in the proposed options market, probably at £4,000 each. If it were approved it would be likely to go out in November.

In June the Stock Exchange Council decided in principle to sponsor the establishment of a traded options market in London.

Under this system, based on the Chicago Board Options Exchange in the U.S., investors can not only purchase options to buy shares in future at pre-fixed prices but can trade in the options.

BOC ends  
furnishing  
perk for  
managers

By Christian Tyler, Labour Staff

BRITISH OXYGEN is to end one of its perks to senior managers after talks with the Department of Employment about the pay policy.

It is to give up buying furniture and fittings for executives intending to encourage them to invite foreign customers home in an effort to win orders. Whether the arrangement was a breach of the pay policy or not had not been made clear, a spokesman for the company said yesterday. But it would be stopped "rather than allow any further doubts to linger."

This perk started in April. Up to the end of last month, £7,500 was spent on ten managers. Another £10,000 had been put by and will not now be spent.

The company is to continue giving housing loans, and to encourage people to take up their fees for overseas directorships. The three perks were first reported in Labour Weekly, and it is understood that Mr. Albert Booth, Employment Secretary, was told of them during the Labour Party conference in Blackpool the week before last. Meanwhile, the Department of Employment is looking at a scheme introduced by IBM U.K. under which employees are offered interest-free loans to help them with commuting costs in the London area.

The Department is not actively investigating companies' perks. It stresses that it has no such function in a voluntary policy and that the pay guidelines belong primarily to the TUC. But it has clearly been unable to ignore instances of apparent breach that have reached the national Press.

**Caterers' index shows 7% improvement**  
By James McDonald

CATERING TURNOVER, at current prices and after seasonal adjustment, was 7 per cent higher in the three months June to August than in the previous three months, bringing the index (1969=100, intalling £2.53bn. at that time) to 238 from 223 in the March-May period, according to the Department of Industry.

Turnover was slightly less in August than in July.

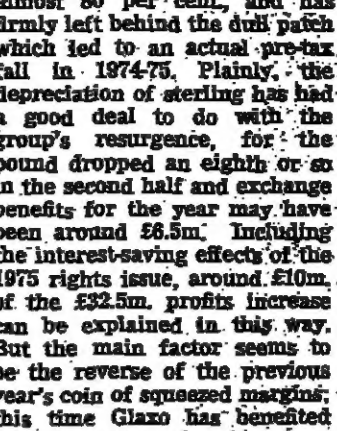
Compared with the same period last year, turnover for all caterers between June to August was 14 per cent higher. Within the various sectors the largest increase was of 19 per cent, over the year for licensed hotels and holiday camps.

Public houses—the largest component of the all-caterers index—reported a rise of 14 per cent. Restaurants, cafes, and fish and chip shops showed an expansion in turnover of 11 per cent, and canteens (the smallest component) an increase of 13 per cent.

## THE LEX COLUMN

Glaxo's exchange  
rate tonic

Index fell 6.6 to 286.1

Price of Crude  
Brent Petroleum G

With pre-tax profits more than doubling in the second half Glaxo has produced £73.9m. for the year ended June, a rise of almost 80 per cent, and has firmly left behind the dust patch which led to an actual pre-tax fall in 1974-75. Plainly, the depreciation of sterling has had a good deal to do with the group's resurgence, for the pound dropped an eighth or so in the second half and exchange benefits for the year may have been around £8.5m. Including the interest-saving effects of the 1975 rights issue, around £10m. of the £32.5m. profits increase can be explained in this way. But the main factor seems to be the reverse of the previous year's coin of squeezed margins; this time Glaxo has benefited from increased prices in a number of important overseas markets so that a 22 per cent increase in costs compares with a 29 per cent rise in sales.

Glaxo reports a strong general demand for drugs, with its anti-ulcer products Venidol and Beclotide now making an important impact on overseas markets. Cephalosporin antibiotics are still a strong area, with the increasing competition so far tending to boost the whole market—growing at 25 per cent a year—rather than erode Glaxo's position. On the other hand the bulk pharmaceuticals market seems to have stayed depressed, with the dollar price of penicillin G, for instance, showing little signs of recovery.

With sterling staying weak—down another tenth since June—the group's prospects look good, and the p/e at 59.2p is now only 7. But the yield is under 5 per cent, and at all but 30 per cent, pre-interest margins are at what is historically a very high level.

## Dunford &amp; Elliott

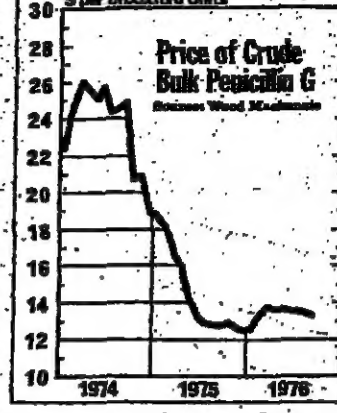
The announcements in the last few days of a number of share purchases by the directors of Dunford and Elliott add a certain piquancy to the discussions which are currently taking place with all the obvious people about the future capital structure of the company. The point is that Dunford needs to prove that its current market rating is too low. Its shares have more than halved since early September to 13p where the market capitalisation of under £14m. compares with net assets of about £14m. and bor-

rowings—largely short term—of over £20m. This high level of gearing arose as a result of the acquisition of Brown Bayley Steels in 1973. Two-thirds of the deal was financed by debt, and Brown Bayley—already a highly geared company—was then in the middle of a substantial capital project which overran its original budget of about £5m. by something like 100 per cent. The modernisation programme, which was refinanced with medium term loan facilities, was completed just before the recession and Dunford is now stuck with debt repayments running at perhaps £3m. a year. For perspective, its operating cash flow in the three years to 1974-75 amounted to just over £5m.

Dunford says that its steel output has been rising gently throughout this year, and that if this trend continues it can still hope to trade its way out of its balance-sheet difficulties. And whereas at one stage it looked as though the group could be looking for up to £10m. of new money, the suggestion in the City now is that the appropriate figure could be about two-thirds of that amount. The key questions are about the equity content of any funding package, and the group's longer-term capital needs.

Dunford obviously wants to avoid swamping its existing equity with new funds. Equity Capital for Industry is one potential source of finance, although Dunford would represent a substantial and risky commitment for this institution at an early stage of its development. The NEB, already a

Index fell 6.6 to 286.1

Price of Crude  
Brent Petroleum G

small shareholder, is not active interest in a group of 6,000 employees and 25 per cent of the U.K. steel market, and the long speculation is what might be prepared to put in some form of without taking control. The NEB also has to think Dunford's relationship with BSC, the European community and the City.

**Lesney**  
A 7 per cent rise in volume together with an export margin has taken Lesney's profits to £1.45m. to £3.06m. over the half-year to July. It now represents something 80 per cent of total sale exchange benefits for the probably get close to six thanks to expanding markets in the U.S. and Germany. Models are still making in the running—they now account for around 75 per cent of all sales—and Lesney's of this market in the year risen to about a fifth.

But if the group is not heading in shaking off a product image there can be complaints about the performance. Sales in the wake of good Old orders, and starting continuing underpin export margins. In production to demand apparently not a problem, the chances are that Lesney produce around £10m. in 1976-77—against £8.8m. in 1975-76—two years ago. points to a prospective p/e of 50p of 34 on average. Next year is likely to be slower but Lesney will still with a balance sheet sheet net cash.

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## Prices

At least the figures September's borrowing requirement show that the Government is still running well in its Budget estimates for full year. But the whole price indices for September show that output prices have risen 16 per cent over a year, while input prices are more like 30 per cent. authorities' gilt-edged programme could run further trouble if there serious deterioration in monetary expectations.

Reactor cost 'inflated by search  
for the ideal nuclear station'

BY DAVID FISLOCK, SCIENCE EDITOR

THE CENTRAL Electricity Generating Board inflated the building cost of the "steamer" (steam-generating heavy-water) nuclear reactor by trying to specify the "ideal" nuclear station, lower in its environmental effects than any other type, Sir John Hill, chairman of the U.K. Atomic Energy Authority, told a committee of MPs last night.

Sir John said he shared the view of the South of Scotland Electricity Board that it was possible to lower the safety standards of the "reference design" of steamer reactor and still have a reactor which was perfectly safe.

UKAEA had recommended that the cost of safety be re-examined. "Everyone accepts that the present design is more expensive than it need be."

## Low demand

But Sir John and Dr. Walter Marshall, deputy chairman, appearing at a Commons select committee hearing into UKAEA's recent advice to the Government to abandon the steamer reactor, stressed that it would be wrong to infer that the estimated cost of building the system was the main reason why they wanted to abandon it.

The main reason was that where they could foresee only a small demand for more electricity capacity it would be "all the more difficult to make a commercial and industrial success of launching a new reactor."

Gently parrying some hostile questions from MPs accusing him of abrupt changes of mind, Sir John said that as the Government's chief nuclear adviser he had a responsibility to give it the best advice he saw it at any given time.

The circumstances in 1974, when the Government chose the steamer, were different. The view then was that Britain should get started as quickly as she could on a reactor which had the general approval of the chief nuclear inspector in order to meet the expected growth in electricity demand.

The situation in 1976 was that, "much to our surprise," Britain had got much more fossil fuel than two years ago, and the demand for electricity was growing much slower. There was no question, said Sir John, but that Britain could make a technical success of the steamer. But in the circumstances of an inevitably small nuclear programme the central question must be whether she

could make a commercial and industrial success of it. He assured the MPs that he had taken the decision personally to advise the Secretary for the Environment that the nuclear decision should be reviewed in light of the new circumstances.

Pressed hard to say whether he thought his conclusions would strike a damaging blow at British technology, he said he had no intention of criticising British nuclear technology, and instead the fast reactor, in which the rest of the world has followed. "The question was whether Britain could proceed alone with a new reactor."

With the fast reactor, he hoped, that if the Government gave its general approval for the demonstration project Britain could join with other nations, as she had done with successful nuclear projects such as gas centrifuge enrichment and spent fuel reprocessing.

Sir John said he believed that the decision on which of the available reactors, pressurised water reactor (PWR) or advanced gas-cooled reactor (AGR), Britain should choose if she abandoned the steamer should be left to the electricity utilities. Questioned about the effect on the balance of payments should

the electricity industry choose the PWR, he said that the supply of heavy water for the steamer "illustrates the sort of disadvantage you have when the programme gets below a certain size."

Britain, which once planned to build heavy-water manufacturing plant, would now be obliged to import an increasingly expensive component.

## Small effect

Dr. Marshall assured the MPs that the effect on construction cost of the three "essential recommendations" in his report on PWR pressure vessels which had been stressed as specially important by Sir Alan Cottrell, former chief scientific adviser to the Cabinet, would be "very small."

One reason why the report had taken so long to complete was that his experts had repeated every calculation submitted by the PWR vendors, including Westinghouse Electric, and by the U.S. Nuclear Regulatory Commission, and then had done some of their own. They were "feeding us facts," said Dr. Marshall. There was "no room for us to be misled."

Israeli projects, Page 8

More facts  
on Slater  
Walker  
sought

By Margaret Reid

FURTHER information about Slater Walker Securities is being sought "from other sources" besides the reports on the group from the accountants and the Singapore authorities, Mr. Edmund Dell, Trade Secretary, said in the Commons yesterday.

"When the report and further information have been fully considered, we shall decide whether other action is necessary," he said in reply to a question from Mr. Terence Higgins, "shadow trade spokesman."

Mr. Dell pointed out, too, that he had exercised his powers under the Companies Act and, as a result, criminal proceedings for breaches of Section 54 of the Companies Act 1948 had been instituted.

Mr. Higgins had asked what reports on Slater Walker Securities Mr. Dell had received and if he would make a statement.

## Bank backing

A summarised report by independent accountants was published last month with the 1975 report and accounts of Slater Walker Securities, of which Mr. Jim Slater was formerly chairman and which has required £50m. of Bank of England backing to ensure its survival.

Mr. Slater faces 15 summonses issued under Section 54 of the Companies Act 1948, which prohibits loans by companies to finance purchases of their own shares. The Singapore Government is seeking the extradition of Mr. Slater and four former colleagues to face a total of 75 criminal charges in Singapore.

Simonet says European steel  
industry is on brink of crisis

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Oct. 11.

THE EUROPEAN steel industry is in a highly troubled state which could degenerate into a full-blown crisis at any moment if preventive action is not taken, Mr. Henri Simonet, EEC Commissioner for industrial policy, warned today.

Presenting the Commission's newly revised plan for expanded powers to deal with disruptions in the steel market, Mr. Simonet said that the sector's weakness might well warrant implementation of some of the plan's anti-crisis provisions, if these were available for use today.

It is likely to be several weeks, however, before the new policy is in place, as a number of final details have yet to be completed by the Commission. Mr. Simonet said he did not expect the proposal to be considered by the EEC Council of Ministers— which must approve them—before mid-December.

Given the steel industry's problems, it was "inconceivable" that the authorities could stand idly by.

In the immediate future, how-

ever, the Commission is likely to pin most of its hopes for relief on diplomatic efforts to negotiate a cut in low-priced steel imports from the non-EEC countries.

Mr. Johannes Petrick, the director of the Commission's steel department, is due to visit Tokyo this week for talks with authorities there, during which he is expected to convey forcefully the alarm with which the recent sharp rise in steel imports from Japan is viewed in Brussels and by the European industry.

Mr. Simonet will also be talking with EEC steel producers about imports from Spain during the next few days, though he is not expected to propose any firm course of action for another week or so. At the same time, discussions on how to handle the whole question of non-EEC imports are going on between Commission officials and external affairs.

The broad outlines of the Commission's proposals for a

new steel policy, which include more flexible arrangements for intervention to reduce production in times of flagging demand, have been under study for almost three months and grew out of the profound difficulties suffered by the industry during the most recent recession.

The new proposals, at the insistence of the German Government and steel industry, contain no provision for a "trigger" mechanism which would automatically put emergency measures into effect in times of crisis.

As in the past, the Commission will have to obtain the assent of the council of Ministers before adopting the new policy. The Commission is planning to develop a more comprehensive and sensitive monitoring system which, it hopes, will enable it to define more precisely the conditions in which a "manifest crisis" should be declared and to detect the emergence of such a situation at an earlier stage.

West Germany's steel industry

Schmidt confident pound will  
improve 'given time'

WEST GERMAN support for the ailing pound was reiterated by Chancellor Helmut Schmidt during private after-dinner talks with Mr. Callaghan at Chequers on Sunday. The talks were continued briefly yesterday.

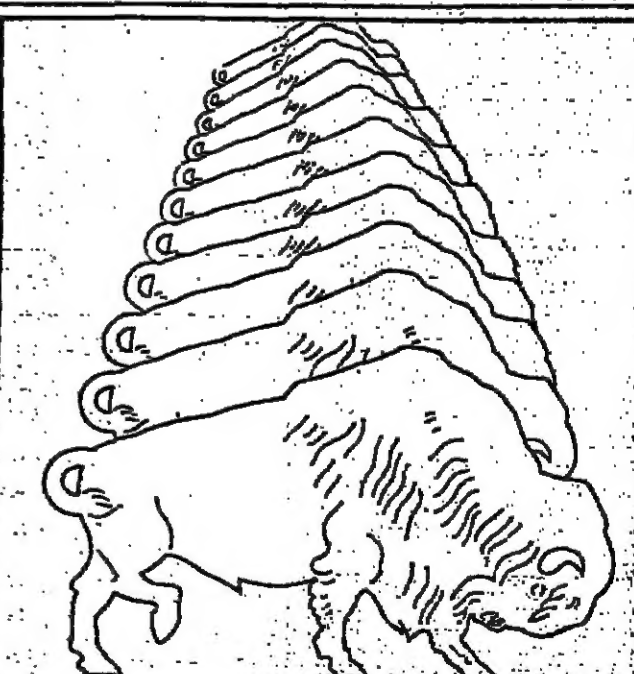
The Chancellor would not spell out publicly in what ways he had suggested that West Germany might help, as confined himself to telling

reporters as he left for home from RAF Northolt that "although the pound is undergoing a crisis, I am confident that the situation will improve given time."

The main subject of the Chequers talks was the monetary situation after Britain's application to the International Monetary Fund for another credit and the IMF's annual meeting in Manila.

Part of the discussions centred on the "green pound," the artificial rate of exchange at which EEC farm prices are translated into U.K. farm prices. Britain wants to keep this at its present highly favourable level to hold down British food prices.

Kerr Schmidt did not press Mr. Callaghan for an immediate devaluation, unlike some other EEC leaders.



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